Austria	Sch24	Indonesia	Rp3100	Philippines	Pso40
Bahrain	Din0.700	Iran	Rls210	Poland	Zl 9,000
Belgium	BFr56	Israel	Shk3.50	Portugal	Esc150
Cyprus	C£0.90	Italy	L2000	Qatar	QR8.00
Denmark	DKr12.00	Jordon	Fils1000	S.Arabia	SR7.00
Egypt	E£3.25	Kuwait	Fils.600	Singapore	S$4.10
Finland	Fmk9.00	Lebanon	L£400.00	Spain	Pta165
France	FFr7.50	Lux	LFr55	Sweden	SKr12
Germany	DM2.60	Malaysia	M$4.25	Switz	SFr2.50
Greece	Dr150	Morocco	MDh8.60	Thailand	Bht50
Hong Kong	HK$12	Neth	Fl 3.25	Tunisia	Din0.800
Hungary	Ft107	Nigeria	Naira10	Turkey	L1400
Iceland	IKr160	Norway	NKr12.00	UAE	Dh7.00
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,174

Friday June 15 1990

D 8523A

JAPAN

Tax raids and insider trading

Page 4

World News

EC and Efta disagree over plans for future links

Serious disagreement emerged between the European Community and members of the European Free Trade Association over plans for a closer future relationship.

Efta's determination to acquire join decision-making is seen by many EC officials as a severe obstacle. Page 18

Strike halts Israel

Israeli workers staged a general strike to press for a new wage agreement, paralysing the country only three days after the new right-wing government was installed.

Swiss beef ban

Switzerland imposed an immediate ban on imports of British cattle and beef as a precaution against "mad-cow" disease.

US restricts logging

A Bill to restrict logging in America's largest national forest passed the US Senate by 99-0. It will make the US better able to argue for protection of rainforests elsewhere in the world, its sponsors say.

Hong Kong victory

A controversial plan to grant 50,000 Hong Kong families full British citizenship cleared its main parliamentary hurdle in the UK despite protests from rebels within the ruling Conservative Party.

French flights hit

A strike by French air traffic controllers severely disrupted traffic, causing delays of between one and two hours to international and domestic flights.

Verdicts 'unsafe'

British Home Secretary David Waddington told parliament guilty verdicts against the Maguires, an Irish family who served long jail terms on charges of running an IRA bomb factory, were unsafe and could not be allowed to stand.

Hanover chosen

The Expo 2000 World Fair will be held in the West German city of Hanover, which fought off Canadian challenger Toronto after Venice pulled out. Page 2

Mandela backed

The European Parliament strongly backed a call from black nationalist leader Nelson Mandela for sanctions against South Africa to be maintained.

Denmark opts out

Denmark broke ranks with other European Community members by declaring it would refuse to sign an international agreement on political asylum. It fears its generous welfare system would bring a flood of asylum seekers.

Dunkirk blockade

Greenpeace activists blockaded a British ship in the northern French port of Dunkirk to protest at the transport of radioactive nuclear waste from Germany to the Sellafield plant in England.

Eight lives to go

A London cat which survived a sea journey of 45 days in a shipping container without food or water will be allowed to stay in Australia. Several people have already offered it a home.

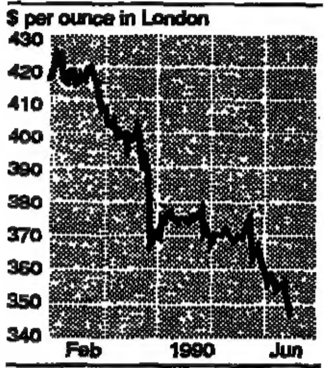
Business Summary

Philips slashes profits forecast

Philips of the Netherlands, Europe's largest electronics group, slashed its earnings forecast for the year. Philips said 1990 profits from normal activities, excluding extraordinary gains, would be "at a very low level" compared with last year. Page 19

GOLD: Prices steadied after near-panic selling in early London trading to close at $345.75

Gold price



an ounce, down $5.25 and a fresh four-year low. Commodities, Page 38

JAPAN-US relations were in danger of increased tension unless the stalemate in trade talks ended, the Bush Administration warned. Page 18

CHASE MANHATTAN, second largest US commercial bank, confirmed substantial internal restructuring. Page 22

INDIA escaped imposition of US trade sanctions this year. Page 3

EUROPEAN COMMISSION proposed a de facto customs union to be set up with East Germany to safeguard the EC's external frontier. Page 18

COMPAGNIE Générale d'Electricité, French engineering group, took majority control of Framatome, France's supplier of nuclear power stations. Page 19

SOVIET UNION suggested to Finland that their clearing-house trading system be replaced with one based on hard currency. Page 3

J. ROTHSCHILD Holdings, investment company, plans to demerge half of its assets into a new unit trust. Lex, Page 18; Page 19

EUROC, Swedish building materials group, acquired 12.5 per cent of Valenciana de Cementos Portland, Spain's biggest cement company, from Aker, Norwegian cement group. Page 20

US FEDERAL agency handling the rescue of the savings and loan industry could run out of money before the end of this year Nicholas Brady, Treasury Secretary, warned. Page 6

UNIBANK, SDS and Andelsbanken, three Danish financial service groups announced an alliance to offer comprehensive range of services. Page 20

SUZUKI, Japanese motor group, is to shift production of small cars for European market to Maruti, Indian state-owned vehicle manufacturer. Page 3

INTERCONTINENTAL hotel chain is relocating headquarters from US to London to expand further into Europe. Page 21

Soviet parliament snubs Ryzhkov over bread price

By Quentin Peel in Moscow

THE Soviet parliament delivered a resounding snub yesterday to Mr Nikolai Ryzhkov, the Prime Minister, by refusing to sanction his request for a tripling in bread prices.

The failure of the Government to get its way on the clearest and most symbolic decision in its reform programme is likely to step up the pressure on Mr Gorbachev to choose a new administration. However, Mr Ryzhkov has shown no sign of resigning.

Speaker after speaker denounced the move as an action against the ordinary people and an absurd first step in the attempt to transform the Soviet system into a market economy. Deputies voted by an overwhelming majority – 319 votes to 33 – to put off any consideration of the question until September. Yet judging by the mood of the session, it seems highly unlikely that even then they will be prepared to approve it.

The vote amounts to the final and most humiliating gesture in the parliament's response to Mr Ryzhkov's economic reform package, tabled three weeks ago.

The deputies on Wednesday merely "took note" of the government strategy, calling instead for "a concrete programme of mutually linked measures for the formation of... a regulated market economy," to be submitted by September 1.

They paid virtually no attention to government plans for swingeing price rises – of up to 150 per cent, excluding the bread price rise – for basic foodstuffs, energy and household goods. As for compensating the population, they called for a nationwide "discussion" on the subject – well short of the referendum suggested by the Government.

Now they have rejected the bread price rise, leaving the Government with an extra hole of some Rbs9bn ($15.31bn at the official rate of exchange) in the budget, because it has already increased grain prices.

Mr Yuri Maslyukov, First Deputy Prime Minister and chairman of Gosplan, the state planning committee, angrily refused to comment on the decision as he left the chamber. "I am busy," he said, 24 hours after forecasting that the price rise would be approved.

The budget deficit run by the Government is now reaching ever more critical proportions, expected to total up to Rbs90bn, instead of the Rbs60bn already forecast, because revenues are likely to be down some Rbs12bn, while expenditure is sharply up on pensions and social spending, clearing up the after-effects of the Chernobyl disaster, and now the grain price rise, without a bread price increase.

Soviet corporate tax law, Page 2; Gorbachev's high road to the market, Page 16

Britain indefinitely delays high-speed rail line to Channel tunnel

By Our Industrial and Political Staff in London

BRITAIN'S long-delayed plans for a high-speed railway line between London and the Channel tunnel yesterday suffered an indefinite postponement as its Department of Transport rejected a financing package drawn up jointly by state-owned British Rail and the private sector.

The Government decided that the private sector's involvement in the scheme made it financially unworkable and announced that it was giving the project back to British Rail to complete on its own.

The decision will come as a sharp setback for the Government's policy of encouraging private sector involvement in the construction of public infrastructure projects such as roads, bridges and railways.

It also drew strong criticism for leaving Britain without any prospect of a high-speed passenger link with the tunnel comparable with the one being built in France until at least the turn of the century. The tunnel opens in 1993.

The £2.6bn ($3.4bn) proposal for a high-speed link between London's Kings Cross station and the tunnel mouth at Folkestone was drawn up by European Rail Link, a consortium consisting of British Rail, Trafalgar House and BICC.

Mr Cecil Parkinson, the Transport Secretary, told the House of Commons yesterday that the joint venture had identified measures which substantially improved the commercial prospects of the project.

However, the project was still left with costs likely to exceed income by a wide margin, and the consortium's proposals for bridging the gap with taxpayers' money was unacceptable.

The European Rail Link consortium has been dissolved with immediate effect. British Rail is now to carry on studying possible route options on its own, with a review period likely to take between six and nine months.

British Rail has paid Trafalgar House and BICC £2m-£3m to buy them out of the consortium and to cover the cost of their investment in engineering studies and preparing the designs for the link. The two companies have also been been contracted by British Rail to continue work on the project.

Although the door has been left open for companies to come forward with proposals for a privately financed link, ministers privately accept that this now seems highly unlikely to occur.

One clarification to come out the announcement is that a new route from the English south coast to a point just south of London has been accepted by the Government and will be safeguarded. But options from south of London to the terminals at Kings Cross and Waterloo are still open.

Mr Bob Reid, chairman of British Rail, responded bullishly to the Government's decision. "What I have got now is a way forward," he said. British Rail now had clear planning support for a line from Folkestone, on the south coast, to the North Downs, just south of London, and was sure of getting through its Parliamentary Bill to make Kings Cross station an international terminal and gateway to the north.

Mr Reid promised a study of the environmental impact of the link to the tunnel through Kent. He promised to be "transparent" with local people.

Mr Cecil Parkinson, Transport Secretary, upset many Conservative backbenchers – and incensed the Labour opposition – with his announcement that the Government would not help fund the link.

Tory disquiet at the uncertainty the decision would cause to people living along proposed routes offset support Mr Parkinson won for what one Conservative MP described as "the mercy killing of this white elephant".

Mr Parkinson responded by assuring MPs that he realised there was a "real problem" with compensation arrangements for those living near existing rail routes that might see greater use. He promised to look "very carefully" at the situation.

Although widespread speculation surrounding the decision had reduced the impact of the announcement, it still provoked angry clashes at Prime Minister's questions.

Mr Neil Kinnock, Labour leader, said "a mix of public and private investment worked very well for the other countries of Europe."

But Mrs Margaret Thatcher, the Prime Minister, repeated that Channel tunnel legislation precluded subsidy of international travel. She said the Government had already commited £2bn to improving road and rail links with the tunnel.

Mr John Prescott, Labour's transport spokesman, described it as "a sad and bad day for Britain".

Background, Page 8; Lex, Page 18.

Romanian miners, in virtual control of Bucharest yesterday, patrol the city in a truck

US and Britain denounce Romanian 'vigilantes'

By Owen Bennet Jones in Bucharest

VIOLENT and bloody scenes in Bucharest as club-wielding miners beat anti-government demonstrators yesterday prompted the US and Britain to denounce the Romanian leadership's use of "vigilantes" to crush democratic opposition.

The demonstrators, a loose grouping of students and liberal intellectuals, maintain that the National Salvation Front has hijacked power since the downfall of Nicolai Ceausescu and have vented their frustration in the streets, calling for free elections and a dismantling of the communist system.

Mr William Waldegrave, the British Foreign Office minister, said on British radio and television that the National Salvation Front Government of Mr Ion Iliescu, the Prime Minister, had failed its first test of democracy and compared its rhetoric to that of the Ceausescu regime.

Mr Waldegrave said western support for Romania's new leadership would depend on its respect for the rule of law and the way it treated the opposition and other minority groups. In Washington, Mr Marlin Fitzwater, the White House spokesman, condemned the use of "government-inspired vigilante violence" and accused the Romanian Government of departing from the norms of democracy and the rule of law.

The sharp international reaction came after Romanian miners, many wearing hard-hats and armed with long clubs, entered Bucharest in buses and trucks yesterday morning and brought order by mob rule to the streets of the capital, attacking and beating anyone they considered to be one of the protesters.

The Romanian Government, which described as "weak and indecisive" the performance of the police in trying to disperse the anti-government protests in Bucharest, later dismissed General Mihai Chitac, the Minister of the Interior.

The General's resignation had been one of the demands of hunger strikers and demonstrators in Bucharest's University Square, many of whom had occupied the square for seven weeks before bloody riots, sparked by a swoop by riot police on Wednesday night, which left four dead and hundreds injured.

Gen Chitac's dismissal is being interpreted variously as punishment for the police performance and a concession to the anti-government protesters. Demonstrators believe the general was involved in suppressing the first anti-Ceausescu protests at the start of the revolution which overthrew the former Communist regime last December.

Some observers believe that the sacking was the price demanded by the army for helping to suppress the latest demonstrations. It appeared yesterday that the army hesitated for some hours while the

Continued on Page 18

Romanians' painful path, Page 18

New Zealand telephone utility sold to US regional companies

By Roderick Oram in New York, Dai Hayward in Wellington and Hugo Dixon in London

THE New Zealand Government is to sell Telecom Corporation of New Zealand, the country's main telephone utility, for NZ$4.25bn (US$2.4bn) to a consortium headed by Bell Atlantic and Ameritech, two of the big US regional telephone companies.

The deal is the biggest move overseas by any of the so-called Baby Bells since they were spun off from AT&T in 1984. Bell Atlantic and Ameritech outbid Southwestern Bell of the US – another of their number – while Cable & Wireless of the UK and Fletcher Challenge and Brierley Investments, New Zealand's two biggest companies, were also contenders.

The disposal is also New Zealand's largest privatisation yet, raising NZ$1bn more than had been expected there. Mr David Caygill, Finance Minister, described it yesterday as "the sale of the century."

The high price reflects the fact that the world telecommunications industry is in the throes of restructuring itself on global rather than national lines in response to deregulation.

However, the sell-off has not been popular locally. An opinion poll yesterday showed that 49 per cent of New Zealanders were opposed to a sale of Telecom NZ in any form.

Mr Caygill said some NZ$4bn would go to reduce New Zealand's international debt, which stands at NZ$33bn. He hinted strongly that the remaining proceeds, plus a saving of some NZ$400m on interest charges, could be used for tax cuts. His July budget comes only three months before a general election in which the Labour government is still trailing badly in the polls.

The Chicago-based Ameritech and Bell Atlantic, headquartered in Philadelphia, will have as their local partners Freightways Holdings, a privately owned transport conglomerate, and Fay Richwhite, an aggressive merchant bank. Although the consortium was being described locally as New Zealand-led, these two will start off with a combined stake of less than 1 per cent in Telecom NZ.

Over the next three years the consortium will sell 40.1 per cent of Telecom NZ's stock through a series of offerings to investors in New Zealand and abroad, with the first issue by mid-1991. The local partners will increase their combined interest to 10 per cent and the US companies will reduce theirs to an aggregate 49.9 per cent.

The New Zealand government will keep a preference share with special rights so it can exercise some control over ownership, services and tariffs. Conditions imposed by the government include the retention of free local dialling for residential subscribers.

Because they are barred from offering long-distance services at home, the two winning US groups will have to seek permission from a US court to handle calls between the two countries. The traffic accounts for less than 2 per cent of Telecom NZ's total volume.

Lex, Page 18; Crossing the world, Page 22

Weekend FT

Tomorrow: Edward Mortimer reassesses the career of General de Gaulle

●

The hassles of home-buying in Switzerland

CONTENTS

President Moi faces formidable challenge to one-party rule

For several months the legitimacy of Kenya's one-party system has been attacked by businessmen and former politicians. The ruling Kanu party fiercely defends its entrenched authority

Page 4

MARKETS

STERLING
New York lunchtime:
$1.7065
London:
$1.7055 (1.708)
DM2.890 (same)
FFr9.7225 (9.715)
SFr2.4475 (same)
Y262.75 (264.5)
£ Index 90.6 (same)

GOLD
New York: Comex Aug
$349.8 (355.1)
London:
$345.75 (351.0)

N SEA OIL (Argus)
Brent 15-day
$

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.6940
FFr5.70
SFr1.4345
Y154.15
London:
DM1.6945 (1.6915)
FFr5.70 (5.6875)
SFr.4345 1(1.4330)
Y154.0 (154.80)
$ Index 67.9 (67.6)
Tokyo close: Y153.53

US lunchtime rates
Fed Funds $8\frac{1}{4}$%
3-mo Treasury Bills:
yield: 7.91%
Long Bond:
$104\frac{13}{16}$
yield: 8.35%

STOCK INDICES
FT-SE 100:
2,403.0 (−2.4)
FT Ordinary:
1,928.6 (−4.6)
FT-A All-Share:
1,182.61 (−0.1%)
New York lunchtime:
DJ Ind. Av.
2,922.52 (−7.43)
S&P Comp
362.66 (−2.24)
Tokyo: Nikkei
32,668.11 (+296.34)

LONDON MONEY
3-mo int'bank close:
$14\frac{23}{32}$-$14\frac{27}{32}$% ($14\frac{7}{8}$)
Liffe long gilt future:
Sep $86\frac{3}{16}$ ($84\frac{15}{16}$)

Privatisation of the press raises capitalist fears in Hungary

Foreign investment has penetrated deeper into newspapers than any other industry, writes Nicholas Denton

THE HUNGARIAN media tested and pushed back the limits of what could be said under the former regime with such effectiveness that some say that what Solidarity achieved in Poland the press did in Hungary.

Now that all the communist taboos have been violated and economic rather than political reform is the priority, it is in the media that the frontiers of liberalisation are again being probed. For privatisation has gone farther and foreign investment has penetrated deeper and more publicly into newspapers than into any other industry. Moreover, the media business provides the cases which most vividly bear out apprehension about the move to a market economy.

The fears are of: foreign economic and cultural domination; private monopolies; rapacious foreign capital; and self-interested "spontaneous privatisation" by communist-appointed managers. These concerns have prompted the Hungarian parliament to set up a committee to investigate media privatisation. It will report at the end of the month.

About 40 national and provincial dailies are currently published in Hungary. Of these, five major nationals and at least 10 county dailies are now, or will soon be, effectively under foreign control.

In January, Mr Rupert Murdoch's News Corporation bought half of Mai Nap, a popular evening tabloid, and its subsidiary weeklies for $3m. For another $1m Mr Murdoch also put 50 per cent of the

About 40 national and provincial dailies are currently published in Hungary. Of these, five nationals and 10 county dailies are now effectively under foreign control.

paper's parent, Reform, the colourful weekly whose foundation in 1988 symbolised the late 1980s Hungarian media boom.

In March Mr Robert Maxwell's Mirror group took 40 per cent of the loss-making Magyar Hirlap, the government newspaper, for about $800,000.

Last month three more papers moved towards foreign ownership: Esti Hirlap, the main evening paper, owned by the successor to the old Communist Party, became part of Mr Maxwell's burgeoning Hungarian media empire; Magyar Nemzet, the respected daily of the communist front organisation, took on the 45 per cent stake of the Swedish paper Dagens Nyheter; and Szabad Fold, with its circulation of 1m, was bought up by the Central European Development Corporation for Ft 100m ($1.5m).

Most controversial of all was the manipulative takeover by Axel Springer Budapest, the Hungarian division of the West German media magnate, of seven county dailies which belonged to the old ruling party. Three more are reported to have signed agreements with an Austrian group.

Furthermore, when the moratorium on new television and radio channels is lifted, probably after a revised media law this autumn, Mr Maxwell and Mr Silvio Berlusconi, the head of the Italian company, Fininvest, will be among the first in the queue of applications for a third, commercial, terrestrial television station.

Unsurprisingly, the extent of foreign involvement has uncovered a strong vane of Hungarian economic and cultural nationalism.

Mr Denes Csengey, a leading figure of the conservative-governing coalition populist wing, argued for investigation into media takeovers in these terms: "We cannot maintain our national sovereignty, and our political and cultural integrity if foreign capitalists keep buying these papers."

LITTLE blame attaches to Mr Murdoch for any absence of cultural integrity in Reform and Mai Nap. If anything, Mr Murdoch has restrained his editors' baser commercial instincts. When he visited his new acquisitions in January he had only a few suggestions, according to Mr Peter Toke, editor of Reform. "More readers' letters; that we shouldn't put nude women in our paper, just topless ones. And they should be good looking."

Liberal intellectuals are quick to dismiss the idea that western commercialisation lies behind the drift downmarket in public taste.

Mr Andras Szekfu, a leading analyst of the Hungarian media, says that it was merely a brief, but nice, dream when during the revolutionary phase people queued up for political literature. "Now the same stands are selling adventures and pornography. But revolutions do not last for decades, thank God!"

His is the liberal concern to avoid monopoly, for which Hungary needs regulation. The Springer group's ownership of seven of the 20 county dailies was in conflict with no competition legislation. Nor would there be any legal obstacle to Mr Maxwell's ownership of a television station as well as his morning and evening dailies.

Apart from being anti-competitive, the concentration of ownership threatens the political diversity of the media. The parliamentary opposition suspects that Springer will use its commanding position in regional newspapers to sustain a government whose character is as conservative as the owners.

As the concentration of ownership offends liberals and the extent of foreign ownership offends cultural nationalists, so the speed returns which underlie foreign commercial interest in the Hungarian media may come up against the self-proclaimed mercantilists in the new conservative government.

They criticise "footloose" foreign companies who make quick profits on the Hungarian market and repatriate them to the detriment of Hungary's balance of payments.

Foreign investors in newspapers have generaly abjured repatriation for the next few years but rapid profits are enough to make them suspect. Mr Gyorgy Boda, financial

The opposition suspects that Springer will use its position in regional papers to sustain a government whose character is as conservative as the owners.

director of Mai Nap, estimates that investment pays back after 12 to 18 months, faster than in any other Hungarian industry.

This is a testament to the dramatic improvements in profitability that western marketing, distribution and accounting skills, and printing and computer technology can bring. But this also reflects underpricing of some media businesses.

Often the cause is that managers, whose main concern is to save their jobs rather than to get the best price, initiate sales, not the owners.

The media suffers particularly from this phenomenon which Hungarians call "spontaneous privatisation": because many editors were appointed under the communists and fear public sector purges; and because many papers are the disputed property of the successor to the old Communist Party and its front organisations.

Thus Springer has paid nothing for the county newspapers he took over: neither for the good will, the valuable subscription base nor indeed the equipment. He merely poached the staff, who were nervous about their jobs, appropriated the rest of the assets and declared bold-facedly that he was setting up entirely new papers.

A Hungarian-US joint venture is poised to acquire one of the cable television channels in a closely parallel manner.

But no one doubts that Splringer has overstepped the mark. But at least he has challenged the authorities to draw the line, somewhere.

Poland proposes reduction on debt

By Stephen Fidler in London

THE POLISH Government has proposed repaying 17 cents on the dollar on its debts to western government creditors, and has suggested a debt reduction package to banks that includes a cash purchase of debt for 17 cents on the dollar.

The formal proposal to the Paris Club of western creditors and the banks has not come as a surprise. Mr Leszek Balcerowicz, the Finance Minister, said last month that the government would seek to reduce its foreign debt servicing obligations by 80 per cent.

But such a concession from the Paris Club would involve political decisions from leading industrialised country governments which have yet to be taken. Official debt forgiveness has only been granted so far for the poorest countries.

There are expectations that the economic summit of the leaders of industrialised countries in Houston next month will pave the way for a broadening of official debt concessions.

The proposal on the bank debt, accounting for a quarter of Poland's over $40bn in foreign debt, was made to banks in Vienna last week. It includes the 17-cent buy-back and options for banks to swap loans for concessional bonds, either carrying a lower face value than the loans or a lower interest rates. According to bankers, the proposal was immediately rejected.

Poland is not being asked to pay interest to western governments until April next year at the earliest, but the interest is being capitalised and debt is therefore stacking up. It has not made interest payments to banks this year either.

Italian unions threaten 'hot summer' over pay

By John Wyles in Rome

ITALIAN union leaders yesterday promised a "hot summer" of industrial conflict if private sector employers stand by their threat to halt pay negotiations in a range of key industries because union demands are too high.

Confindustria, the Italian industrialists' organisation, is to carry its tough line into a meeting with leaders of the three main trade union confederations next Tuesday. Mr Ottaviano del Turco, deputy secretary of the largest, the CGIL, warned yesterday that "this will be an extremely hot summer" if the employers break off pay negotiations.

The first flames began to flicker yesterday when the engineering unions marked the recent breakdown of talks on a new three-year contract for 1.5m engineering workers by calling a one-day national strike for June 27, to be followed by a series of four-hour local stoppages.

This will hit all engineering companies, despite the fact that the unions also welcomed the greater readiness of public sector companies to continue the search for an agreement. Confindustria's executive took its decision to stand firm late on Wednesday, saying that "the general economic situation requires a profound change in industrial relations and in the government's economic policy".

It warned that private sector investment was already bound to fall because of the strength of the lira's exchange rate at a time when Italian inflation, production and labour costs were running high.

The private employers insisted that the sectoral pay talks could only resume when a global negotiation had reached agreement on a new approach to determining salaries and labour costs.

Union leaders agreed yesterday that this was an attempt "to change the rules while the game is in progress".

With engineering and chemical contracts already expired and negotiations in textiles and other sectors to come, the private sector is anxious to curb union ambitions during the opening up of the Community's internal market.

Romans bitter at drink ban

By John Wyles

MANY OF Rome's restaurateurs are proclaiming a new threat to public order and closing their businesses on World Cup match days in self-defence. It is called teetotalism.

While drink was certainly a factor which prompted German fans to give the centre of Milan a facelift last Sunday and alcohol has caused a number of English to drop their natural reserve in Cagliari, the most serious threat to the Eternal City appears to be the angry reactions of many consumers unable to obtain their favourite tipple on match days.

The Prefect of Rome, like his colleagues in the other 11 centres hosting first-round games, responded to government pressure by insisting the public should be denied access to "the cup that cheers!" for a 24-hour period around football in the Olympic Stadium.

Their first taste of the experience was a bitter one for many restaurateurs last Saturday. "Those that had banquets booked were faced by some very angry customers," said a spokeswoman for Unione Commerciante, the main representative of Roman commerce yesterday. "You cannot accompany fish with acqua minerale," she added.

Anxious, as the lady said, "not to creat problems for public order", about 40 per cent of Rome's restaurants kept their shutters down yesterday.

Some bar keepers have threatened to do the same, but so far they are maintaining a vital service for an Italian clientele whose pulse rate does not move to "fast forward" without the morning espresso.

Some tourists have been disgruntled by the absence of alcohol, but there appears to be fewer of them than normal to make a fuss.

European new car sales defy forecasts

By Kevin Done, Motor Industry Correspondent

WEST EUROPEAN new car sales jumped by 3.2 per cent in May to 1.217m defying forecasts that the setback in April signalled the long awaited downturn in new car demand.

The recovery last month was led by a big increase in sales in West Germany, France and The Netherlands.

For the first five months of the year western European new car sales were 1.1 per cent higher than a year ago at a record 6.124m, according to industry estimates.

The Volkswagen group of West Germany, which includes Audi and SEAT, emerged as the leader of the western European new car market at the end of May with a market share of 15.1 per cent, compared with the 14.9 per cent of its arch rival Fiat of Italy.

In May alone new car sales were higher than a year ago in 11 markets across western Europe, including most importantly West Germany, France, the Netherlands and Belgium and Luxembourg.

For the first five months of the year sales have increased in 12 of 17 western European markets.

New car sales in Italy, the second largest European new car market, dropped by 1.1 per cent in May, but are still 3.3 per cent higher for the first five months.

The biggest collapse in sales among the leading volume markets has been suffered in the UK, where new car sales in May were 12.7 per cent lower than a year ago, giving a decline of close to 10 per cent for the first five months. The Volkswagen group appears set to lead the western European market for the sixth year in succession.

It has already overhauled the Fiat group, which had established its traditional lead in the early months of the year, and Volkswagen is currently the fastest growing European volume car maker ahead of General Motors (Opel/Vauxhall).

The GM group, which took a 50 per cent stake and management control of Saab of Sweden at the end of last year, has established a marginal lead over its arch US rival Ford, which now includes Jaguar in Europe.

Including Saab and sales of US-built cars, GM captured 11.7 per cent of the western European new car market in the first five months, compared with the 11.6 per cent of the Ford group including Jaguar and its US imports. However, sales of the Ford marque are still ahead of Opel/Vauxhall, GM's traditional European nameplates, in continental Europe and the UK.

Fiat, which includes Lancia/Autobianchi, Alfa Romeo, and Ferrari, has lost ground partly as a result of its falling share of the domestic Italian market.

In the first five months its share of Italian new car sales fell to 54.4 per cent from 57.3 per cent a year ago.

It has come under particularly heavy pressure from the Ford Fiesta in the small car market, its traditional stronghold. The Fiesta, launched last year, is now the fourth best-selling car in Italy, whereas no Ford models made the top 10 best-sellers list in Italy last year.

Mazda of Japan, which is considering setting up a car production plant in Europe, has emerged successfully in the last five months with a 14.8 per cent jump in sales and is now out-selling Volvo, whose sales volumes have dropped by 6.6 per cent this year.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-May 1990

	Volume (Units)	Volume Change(%)	Share (%) Jan-May 90	Share (%) Jan-May 89
TOTAL MARKET	6,124,000	+1.1	100.0	100.0
MANUFACTURERS:				
Volkswagen (incl. Audi & SEAT)	927,000	+5.6	15.1	14.5
Fiat (incl. Lancia, Alfa Romeo & Ferrari)	910,468	−2.0	14.9	15.3
Peugeot (incl. Citroen)	796,000	+0.6	13.0	13.1
General Motors (Opel/Vauxhall, US & Saab)	716,000	+3.3	11.7	11.4
– Opel/Vauxhall	685,000	+4.1	11.2	10.9
– Saab	27,000	−14.9	0.4	0.5
Ford (Europe, US & Jaguar)	709,000	+0.6	11.6	11.6
– Ford Europe	698,000	+0.8	11.4	11.4
– Jaguar	9,000	−14.5	0.1	0.2
Renault	626,000	+1.3	10.1	10.2
Mercedes-Benz	192,000	−0.9	3.1	3.2
Rover	177,000	−2.9	2.9	3.0
BMW	166,000	−4.4	2.7	2.9
Nissan	166,000	−6.6	2.7	3.0
Toyota	156,000	+4.2	2.5	2.5
Mazda	119,000	+14.8	1.9	1.7
Volvo	113,000	−6.6	1.8	2.0
Total Japanese	670,000	+3.2	10.8	10.7
MARKETS:				
West Germany	1,311,000	+4.9	21.4	20.6
Italy	1,154,000	+3.3	18.8	18.4
France	1,038,000	+8.0	16.9	15.9
United Kingdom	923,000	−9.6	15.1	16.9
Spain	443,000	−8.6	7.2	8.0

Source : Industry estimates

Hanover wins Expo 2000 on nature-technology ticket

HANOVER has been selected to host Expo 2000, the World Fair that will usher in the new millennium, George Graham writes from Paris.

The West German town narrowly defeated the Canadian candidate, Toronto, by 21 votes to 20, after the candidature of Venice was withdrawn in the face of fierce opposition from Italian politicians and environmentalists who feared the ancient city would drown under the extra weight of tourists.

Mrs Brigit Breuel, finance minister of Lower Saxony, whose capital Hanover is, said the city's theme of "Man-Nature-Technology" had enabled it to win the votes of the Bureau International des Expositions, the Paris-based organisation which administers the World Fair programme. Hanover, which is already known for its trade fair, is setting aside a 200 hectare site for the World Fair, which is scheduled to take place from June 1 to October 31, 2000.

The town expects to spend DM1.74bn (£610m) on the project, and hopes in return to receive 25m visitors.

NEWS IN BRIEF

River dispute to dominate Syrian-Turkish meeting

The Syrian Foreign Minister, Mr Farouq al-Shara, and his Turkish counterpart, Mr Ali Bozer, opened talks yesterday on the strained relations between the two countries, **Reuter reports from Ankara.** A Syrian Foreign Ministry spokesman said in Damascus yesterday: "The main topic of discussion will be the Euphrates River waters and speeding up the sharing of these waters among Turkey, Syria and Iraq."

Ankara, troubled by rising rebel Kurdish activity, has said it would not negotiate in the dispute over river waters but would stress border security in the three-day talks.

Syria and Iraq have objected to Turkey's cutting the flow of the Euphrates waters in January to fill a new Turkish reservoir. They said the Turkish action caused them to suffer losses to agriculture and electricity production.

Paris call on monetary union

Mr Pierre Bérégovoy, left, the French Finance Minister, yesterday came out strongly against suggestions by Mr Karl Otto Pöhl, head of the West German Bundesbank, that European monetary union could go ahead with only a core of participating countries, while other countries might join later, **George Graham writes from Paris.**

Mr Bérégovoy said that no European country, whether small or large, should be excluded from the process.

French inflation down to 3%

FRANCE's annual inflation rate fell last month to 3 per cent, its lowest level since November 1988, **writes George Graham.**

Consumer prices rose by only 0.2 per cent in May, according to a provisional estimate from Insee, the state statistical institute. This lowers the annual increase from 3.2 per cent in April and 3.4 per cent in March.

The May price index was affected by rises in gas and electricity prices, but prices of manufactured goods remained well under control. The cost of energy continued to fall, while inflation in food prices slowed down. "I believe we can say without exaggerating that inflation is under control in our country," said Mr Pierre Bérégovoy, the Finance Minister, whose government's target for 1990 is to limit inflation to 2.5 per cent.

Moscow seeks university funds

The Soviet Union is seeking western funding for a proposed joint western/Soviet technical university and science park outside Moscow, **Lynton McLain writes.**

Construction has already started on the new university, which will have links with the existing Moscow State Technical University. The new complex is to include a teaching centre, laboratories, hostels for about 10,000 people and a science park with laboratories for the creation and development of new technology equipment. The university is to specialise in electrical engineering, optics, lasers, computers and new materials.

□ The Anglo-Soviet Chamber of Commerce in London said the Soviet Union had signed and registered a total of 1,500 joint ventures, worth Rbs3bn, of which 300 joint ventures were working. The UK and the Soviet Union have signed 80 joint ventures, which have been registered with the Ministry of Finance.

The anatomy of a rare communist victory

Judy Dempsey argues that unique and ancient factors kept Bulgaria's rulers in power

BULGARIA this week became the last of the east European countries to elect its first free parliament in the post-war period.

But nowhere else in eastern Europe, with the exception of Hungary – where the ruling communists began the economic reforms, split into two, and gradually withdrew from formal power before last March's elections – did the opposition have to face the incumbent ruling communists.

Critics remain puzzled by the election results which gave the Bulgarian Socialist (communist) Party (BSP) nearly 50 per cent of the vote and the Union of Democratic Forces (UDF), a young and inexperienced loose coalition of opposition groupings, 37 per cent. Some say the elections were flawed or rigged. Others say that the communists intimidated the peasants into voting for the BSP.

But there are fundamental reasons as to why Bulgaria's communists did so well in a country whose history is marred by rigged elections, and which is handicapped by weak or non-existent independent legal and social institutions and characterised by the prevailing Balkan deference towards authority.

And nowhere else in eastern Europe – again, with the exception of Hungary (Romania is very much a unique case) – did the ruling communists steer the "revolution" and manoeuvre the country along the road to free elections. That is why any

criticism, particularly by those who had witnessed the remarkable "people's revolutions" in Czechoslovakia, East Germany and Poland, and who now "accuse" the Bulgarians of having opted for continuing communist rule, is misplaced.

The "revolution" in Bulgaria was engineered by the ruling communists who, in a bloodless palace coup last November, dislodged from power Mr Todor Zhivkov, eastern Europe's longest-serving leader.

True, the reformers could not have done it without growing pressure from the small, independent environmental and human rights movements; or without relentless international pressure over its abysmal record on human rights; or without the green light from the Soviet Union.

But it is the way the communists then went about tinkering with change which produced this week's election result. The party, which for a short time after the demise of the Zhivkov régime, was led by the lacklustre Mr Petar Mladenov, the former Foreign Minister and now President, was slow to start genuine political reforms.

The final count by Bulgaria's Central Electoral Commission overseeing the polls for the new 400-seat National Assembly gave the ruling Bulgarian Socialist Party, formerly the communists, 47.15 per cent of the first-round national vote last Sunday, Reuter reports from Sofia.

The opposition Union of Democratic Forces (UDF) received 36.2 per cent of the vote. A run-off election on Sunday will decide allocation of remaining single-constituency seats.

But once it sensed the pressure from the opposition UDF, the party managed to keep one step ahead.

They did this by capitalising on the UDF's weaknesses. As a group of urban intellectuals, the UDF had no base in the towns, countryside or among the workers.

And although there was ample opportunity for the UDF itself to capitalise on the growing anti-communist climate during last winter, its weak leadership, combined with lack of access to the media and absence of policies, failed to produce an alternative political programme. The voice of the UDF, instead of projecting a message for the future, became a babble of protest. Because of the complexion of Bulgarian politics, it was forced to act as the underdog in order publicly to challenge the incumbent communists.

Thus, it never inherited the moral authority of the Civic Forum in Czechoslovakia, the Neues Forum in East Germany, or Solidarity in Poland, which in different ways, had forced the communists right up against the wall.

Bulgaria's communists could share a similarly "unique" role. To survive the onslaught of "people's power" they tried – unlike their east European communist counterparts – to control change from the top.

These two factors make the Bulgarian experience special. And that is why, against all the odds, both the UDF and the communists did remarkably well in the elections.

But there are "Balkan", or "non east-European" factors which also explain the outcome. Communist propaganda contributed to the Bulgarians' decision to opt for controlled change.

This was particularly so in the conservative villages where the local communist "mafia" rammed home the message to the peasants about the iniquities of the market economy, privatisation and the evils of the United States (which financed part of the UDF campaign).

In addition, Bulgaria, along with Romania (apart from Transylvania) share a peculiar deference towards authority and conformity. This is exemplified by the Orthodox church which is dominant in each country, unlike the forceful and independent-minded Catholic churches in Poland and Slovakia or the Protestant churches in East Germany or Transylvania.

Furthermore, both Balkan countries inherited poorly-developed civil structures and inarticulate, corrupt opposition parties which were incapable of providing viable alternatives to the authoritarian/despotic systems which have ruled these countries for centuries.

Finally, both countries were ruled by peasants (Messrs Zhivkov and Ceausescu) whose policies hinged on alienating the intellectuals and stamping out the tiny bourgeois élites.

The upshot of these traditions, which were galvanised by communist rule, was that key social, economic and political groups were separated from each other.

This engendered mutual distrust and suspicion, which was skilfully exploited by the communist regimes as a means of preventing a broad opposition movement.

The collusion of these social groups bred ideas and conflict – crucial components for a mobile, democratic society which the Poles, Czechs and East Germans are seeking to achieve.

The success of Bulgaria's new government may well depend on attaining a similar goal.

First unified corporate tax rate for Soviet Union

THE SOVIET parliament yesterday approved the country's first coherent corporate tax law in a major reform giving enterprises a unified rate of tax, **Leyla Boulton writes from Moscow.**

However, the move is also likely to increase next year's state budget deficit after deputies cut to 45 per cent the 55 per cent tax on profits, proposed by the government.

Soviet enterprises have in the past been taxed on a completely random basis, with some enterprises paying huge chunks of their revenue to the state and others paying hardly any tax.

One government economist said that this rickety arrangement corresponded to an average rate of 55 per cent – the same basic rate put forward by the government for a unified tax. The government argued that the higher rate was needed to finance social expenditure.

But critics in the Supreme Soviet said that the higher rate would hurt progress towards a market economy. They urged the government instead to cut military expenditure and sell off state property.

This year's budget deficit is officially forecast at between Rs70bn ($116.6bn at the official rate of exchange) and Rs90bn. However, one government economist yesterday estimated that the deficit would reach Rs150bn in 1991, taking into account the new corporate tax rate. Mr Sergei Alexashenko, said that lowering the rate proposed by the government would cost about RS19bn.

The new legislation, which also sets common rates for taxes on turnover, imports and exports takes effect on January 1. Some Soviet banks and insurance groups will pay a higher tax of 55 per cent, whileforeign enterprises will be charged 30 per cent. Profitable joint ventures in manufacturing will be granted a tax holiday for the first two years.

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd. 1990.

EUROPE

wark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes. 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel. (01) 4297 0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

India escapes sanctions under US trade law

By Nancy Dunne in Washington

THE US has decided not to impose trade sanctions against India this year under the "Super 301" provision of the 1988 US trade law, Mrs Carla Hills, the US Trade Representative, announced yesterday.

However, Mrs Hills did issue a finding that India's insurance and investment practices were unreasonable and burdensome to American business. But she said sanctions would be inappropriate "at this time" while negotiations on trade in services and investment were under way in the Uruguay Round of international trade talks.

The negative finding lays the groundwork for future sanctions if the Round should fail to produce rules for trade and investment or if India fails to sign them.

Although India has refused to negotiate bilaterally on the US complaints, Mrs Hills said the US message "that foreign investment brings jobs, technology and prosperity may be getting through."

She cited an announcement last month by the Indian government of measures reducing its role in approving some foreign investments. The government also said it would exempt some investments from local content and export requirements.

"I hope this attitude will be reflected in India's approach to these issues in the Uruguay Round," she said.

"Government-mandated restrictions such as foreign equity ceilings and local content and export performance requirements do not constitute fair treatment for US investors and only serve to drive investors elsewhere in Asia or to eastern Europe."

Carla Hills: US message 'getting through'

With just two month's of foreign exchange on hand to cover India's imports, duties on its US exports or other sanctions would have been a heavy blow.

They would also have created an uproar within the international trade talks, where India has maintained its determination to deal only multilaterally and to open its markets at its own pace.

The threat of retaliation against Japan and Brazil, other potential candidates for retaliation under the Super 301 provision, was lifted last month after the two governments promised various market-opening actions.

The settlement with Japan under the "Structural Adjustment Initiative" has grown increasingly controversial, however. Negotiations to finalise the agreements by next month have become bogged down.

US plea on car parts trade gap

By Nancy Dunne

A US industrial group has urged expansion of motor part sales to Japan to reverse the US's growing trade deficit in that sector. The call comes as US and Japanese negotiators were due to meet yesterday in Louisville, Kentucky.

The Auto Parts Advisory Committee, which has been appointed by the US Commerce Department, is urging the adoption of "urgent measures" and "an action-oriented programme" to correct the deficit.

The US trade deficit with Japan for vehicle parts shot up to $11.2bn last year, compared with $3.5bn in 1985.

The committee has produced two studies to indicate actions that would significantly increase US sales: a price survey of both markets focusing on price differentials caused by market impediments and a detailed analysis of current business practices and market conditions concentrating on alleged exclusive practices by the Japanese industry.

The US Federal Trade Commission is investigating complaints that Japanese car makers in the US had established exclusive relationships with components suppliers to their US plants, along the lines of the *keiretsu* – corporate group – system in Japan.

Gatt battle plan to break farm deadlock

By William Dullforce in Geneva

HOPES of breaking the impasse in the bitterly contested talks on the reform of world farm trade are now centred on Mr Art de Zeeuw, chairman of the group negotiating on agriculture in Gatt's Uruguay Round.

After inconclusive informal discussions here this week among trade officials from 30 countries, Mr de Zeeuw will try to compose by the first week of July a draft text of an agreement which he will then submit to the negotiating group.

At the end of May at a meeting in Paris of the Organisation for Economic Co-operation and Development (OECD), the ministers of the 24 industrialised nations set an end-July deadline for developing an "appropriate framework" for agreeing farm trade reform despite their inability to resolve the fundamental differences between the European Community and the US.

At the heart of this dispute is the cost of farm support. The accompanying table shows OECD estimates of this for selected countries calculated in terms of producer subsidy equivalent (PSE) – the value of transfers to the farmer from the taxpayers and consumers.

The "appropriate framework" would form the basis for negotiating a detailed agreement in time for the concluding ministerial meeting of the Uruguay Round in Brussels in December.

Mr de Zeeuw's paper will be the first formal attempt to arrive at the framework. The difficulty he faces in reconciling divergences or proposing possible compromises has been underlined in this week's informal talks.

LEVELS OF FARM SUPPORT $bn

Country	1986	1987	1988*	1989**
Australia				
Net total	1.37	1.16	1.31	1.30
Percentage	10	11	10	10
EC				
Net total	62.41	68.39	62.45	53.02
Percentage	50	48	43	38
Japan				
Net Total	34.12	35.31	37.07	33.69
Percentage	75	76	75	72
US				
Net Total	44.68	45.63	39.31	32.26
Percentage	42	40	35	27
OECD Average				
Net Total	163.21	173.30	163.00	141.18
Percentage	51	49	45	39

Source:OECD*Estimate**Provisional

The bilateral discussions which the EC and US started in April to narrow their differences have cleared up a few minor points on the products to be covered by an agreement and have led to some meeting of minds over which internal farm support policies have to be reduced, trade officials report. But there has been no movement on essentials.

Any real advance in the EC-US dialogue depends on the European Commission being able to resolve its internal differences, officials say. But they note that Mrs Frans Andriessen, the external affairs commissioner, has committed the Community to work seriously to achieve the July deadline.

This week the EC tabled a working paper, clarifying its views on tariffication – the US proposal, now widely accepted by other countries, that all non-tariff border barriers to farm imports should be converted into customs duties and then progressively eliminated.

The US put forward a discussion paper outlining its ideas on which farm support policies would be permitted and spelling out the criteria it believed should be applied, to ensure that these supports did not have trade-distorting effects.

Direct income payments to farmers should come directly from taxpayers and not from consumers' pockets; they should be in no way linked to production; and they should not be specific to any particular farm commodity, the US proposed.

Some progress was made in deciding into which of three categories – those permitted, those to be disciplined and monitored, and those to be banned and phased out – existing farm supports would fall.

However, on three key issues Mr de Zeeuw received no help in deciding which approach to take. They are:

- Export subsidies which the US wants to be eliminated within 10 years and which the EC insists on maintaining because they are essential to the dual-pricing mechanism of its common agricultural policy.
- Rebalancing, the EC's concept under which countries would be allowed to raise some import barriers – in the EC's case against oilseeds – as they cut back other supports. The US and the 13-nation Cairns farm lobby group emphatically reject this idea.
- The corrective factor, which the EC wants to introduce into any tariffication scheme, in order to reduce the impact of market and currency fluctuations.

Japan's rice debate starts to simmer

By Robert Thomson in Tokyo

CRACKS have appeared in Japan's defence of its closed rice market, with an opposition party supporting limited imports and a senior member of the ruling Liberal Democratic Party applauding the idea.

Komeito, or Clean Government Party, the second largest opposition party, has suggested that a small quota be fixed for imports and that the government use the surplus in domestic production to build a stockpile in case of emergency.

The Japanese government has consistently argued that rice imports must be banned in the interests of "food security", although it is widely believed that the real reason is the influence of the farm lobby.

Mr Noboru Takeshita, a former prime minister, said the Komeito proposal was "courageous". Japan should be prepared to open the rice market as part of the Uruguay Round of multilateral trade negotiations.

Opinion polls show that 65 per cent of Japanese support a lifting of the ban on imported rice, but the Agriculture Ministry has argued that the country would be foolish to make a concession while the EC and US cannot agree on farm trade reform.

Call to end Soviet barter with Finns

By Enrique Tessieri in Helsinki

THE Soviet Union has proposed to Finland that they should scrap from next year their 40-year-old clearing-house trading system and replace it with one based on hard currency.

If the Soviet Union scraps its present five-year (1991-95) trade accord with Finland, this could harm Finnish industry and sharply reduce its trade with Finland.

The Bank of Finland talks of "a dramatic drop" in Finland's trade with the Soviet Union, while Mr Jermu Laine, head of the National Board of Customs, believes trade levels could fall from 11 per cent of Finnish trade to around 4-5 per cent.

According to Mr Jouko Rautava, a Bank of Finland official, the Soviet Union's proposal to scrap the semi-barter scheme will be discussed again this autumn and a decision made this year.

"We are not sure if the clearing-house system will be scrapped abruptly or gradually. One of the main reasons why Moscow wants to end the clearing-house scheme is because they do not have the means or desire to continue with a centralised and planned economic system," Mr Rautava said.

Only last October, during President Gorbachev's first official visit to Finland, both countries signed a new five-year trade accord.

Since the 1950s, Finnish-Soviet trade levels have risen steadily, reaching almost 25 per cent of Finnish trade in the early 1980s. The plunge in oil prices in 1986, however, reduced trade to its present level.

Maruti to boost sales in Europe

By David Housego in New Delhi

SUZUKI, the Japanese motor group, is to shift production of small cars for sale in the European market to Maruti, the Indian state-owned vehicle manufacturer.

Maruti – 40 per cent owned by Suzuki – will become the sole supplier of Suzuki small cars to Europe after 1992.

Suzuki currently exports about 25,000 of its 800cc Alto model to Europe a year, mainly to West Germany, Holland and Belgium. Maruti last year sold 4,000 of the Indian-made version of the Alto to France and is hoping this year to increase sales to Italy, Portugal and possibly the UK.

For Maruti, the understanding with Suzuki reached last month in talks in Tokyo, is important as it provides the group with a crucial lever in persuading the Indian government to allow it to double capacity to 250,000 cars a year. Without adequate export earnings the group could not have hoped to persuade the government to release the foreign exchange needed for its expansion. Maruti is next month to make a formal application to the government for expansion.

Maruti last year exported 5,200 of its 800cc car, but it is limited in export potential outside Europe. It has thus for some time been seeking to take over from Suzuki its supply of small cars to the European market.

The Japanese group has until now hesitated in part because of the variable quality of components manufactured in India. Maruti hopes that its expansion will enable it to force its suppliers to upgrade their quality.

Commission defends policy on dumping

By Lucy Kellaway in Brussels

DUMPING duties are levied on less than 1 per cent of imports into the European Community, the Commission said yesterday in presenting its 1988 report on dumping.

The Commission defended itself against complaints that it uses anti-dumping actions as an instrument of industrial policy and as means of protecting its industries. It said its report showed this to be nonsense.

In the five years to 1988 the number of dumping inquiries had been constant at about 70 a year. However the number of new investigations had been rising from 24 in 1986 to 40 in 1988. The figures showed that the most common way of settling an action was through a price undertaking – although in 1988 the pattern was broken with 18 cases settled by a dumping duty, and no price undertakings agreed. On average, between five and 20 cases were closed each year with the decision to take no further action.

In 1988 the Commission launched dumping enquiries on a range of products from many countries. In 1988 more than half the cases were in chemicals and metals. Electronic products, which have been the most sensitive area of Community dumping policy, are not listed separately.

Between 1980 and 1988 the Commission made 27 inquiries into alleged dumping by Japan, whereas during that time total Japanese imports into the Community rose by 197 per cent.

Measured by the number of cases eastern Europe was by far the most important offender against EC rules, representing over a third of total enquiries.

The commission yesterday announced an inquiry into alleged dumping of semi-finished steel products from Turkey and Brazil.

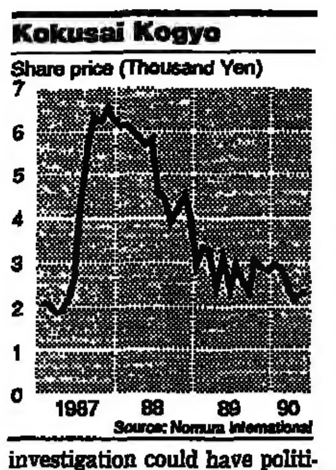
Insider trading suspected in latest Japanese share scandal

Tax raids raise the spectre of illegal dealings behind Tokyo's first big hostile takeover, writes Stefan Wagstyl

IN TOKYO public prosecutors yesterday swooped on companies and offices controlled by Mr Mitsuhiro Kotani, one of Japan's best-known corporate raiders, in pursuit of an investigation into an alleged stock scandal.

In scenes reminiscent of the Recruit corruption scandal, officials of the Tokyo District Prosecutor's Office raided 20 sites, including the headquarters of Kokusai Kogyo, an aerial surveying company which was taken over by Mr Kotani in 1988 in Japan's first big hostile acquisition. The company was then valued at some Y200bn (£766.28m).

The investigation is expected to lead to a wide-ranging probe into how Mr Kotani's investment group, Koshin, managed to win control of Kokusai Kogyo and who benefited from the way in which his bid to buy the company drove Kokusai's share price from Y1,900 to Y7,000 in 1987. Like the probe into the Recruit affair, the investigation could have political implications: one of those who traded Kokusai shares with Koshin in mid-1987 was an aide to Mr Yasuhiro Nakasone, the former Prime Minister.



Yesterday's swoop followed the arrest of four former executives of Kokusai on Tuesday on charges of tax evasion. Prosecutors are also seeking to interview a fifth man, the former president of Wing, a financial services affiliate of Kokusai, who is out of the country.

The public prosecutor's office is widely believed to be using the tax investigation as a way of forcing the disclosure of evidence of other possible offences – including insider dealing.

According to the public prosecutor, the four men under arrest, including 49-year-old Mr Norio Ishibashi, Kokusai's former treasurer, learnt in advance of Mr Kotani's plans to take over the company. They bought Kokusai stock at the same time as Mr Kotani and later sold it at a profit of Y1.55bn, on which they evaded tax totalling Y900m, said officials at the prosecutor's office.

The stock purchases were financed by loans from Wing. Two officials of the public prosecutor's office are now overseas trying to track down Mr Jiro Tomishima, Wing's 39-year-old former president.

The mystery prosecutors want to unravel is how the four Kokusai officials and Mr Tomishima learnt about Mr Kotani's planned bid. They are investigating allegations that Mr Tomishima may have acted as an intermediary between the Kokusai executives and Mr Kotani, the raider.

Prosecutors will want to know how Mr Kotani became party to Kokusai's secrets, especially details of a feud between Mr Kenzo Masuyama, the company's founder and chairman, and Mr Akira Masuyama, his son who was president. This proved crucial to the success of Mr Kotani's raid.

Mr Kotani acquired 43 per cent of Kokusai's stock in the market and originally hoped to greenmail the company - that is force it to buy back his stake at an inflated price. However, Kokusai refused, not least because many company executives thought dealing with Mr Kotani would harm its reputation with its customers, many of whom are public authorities.

But Mr Kotani had an ace up his sleeve. He managed to persuade the elder Mr Masuyama, who was at loggerheads with his son, to vote his 15 per cent block of shares with the raiders, giving them 58 per cent and control of the company. The younger Mr Masuyama tried unsuccessfully to secure a court order annulling the raiders' voting rights.

Kokusai fell under Mr Kotani's control at a dramatic extraordinary general meeting in 1988, when the raiders overpowered the 14-man board by electing 15 new directors of their own.

Kokusai remains a troubled company. Earlier this year, the 1000 workers threatened to go on strike in an attempt to force Mr Kotani to stop playing an active role in the management for fear that he was harming the group's reputation. Mr Junichi Kamei, the company trade union's general secretary, then told the FT: "Stock market speculation has nothing to do with our business. There's no other way than for Mr Kotani to resign."

The new owners have started a vigorous programme of property sales. This seems to be Mr Kotani's main hope of making a profit on his investment since Kokusai's shares now trade at about Y2,500, well below their peak. Mr Kotani's average buying price is not known.

Mr Kotani, a property developer and stock market operator, who started his career as a salesman at Daiwa Securities, made huge profits from the equity boom of the 1980s. His greenmail targets included Janone, the sewing machine maker. Like other corporate raiders, he is is thought to have suffered heavy losses on the value of his stock portfolio when Japanese equities plunged earlier this year.

Even though the authorities frown on greenmail, Mr Kotani has in the past been able to raise funds from some of the largest banks. He once boasted: "The banks are the starting point of my business and Sumitomo Bank is the source of all my energies."

Mr Kotani also lists Mitsui Trust & Banking, Long-Term Credit Bank of Japan and their affiliates as Koshin's main banks. Sumitomo has said its loans to Koshin are all legal.

Details of dealings between an aide to Mr Nakasone and Koshin emerged on New Year's Day in an article by Asahi Shimbun, a left-of-centre daily, which has made Mr Nakasone a target of its investigations.

An official of the Sanno Economic Research Institute, a Nakasone fund-raising organisation, then confirmed that Ms Eiko Ota, an aide to Mr Nakasone, had made a profit of Y116.5m buying 100,000 Kokusai shares from Mr Kotani and selling them back to him a month later.

South African gold industry pins hopes on falls in rand

By Philip Gawith in Johannesburg

THE South African gold industry is resting its hopes on a fall in the value of the rand to avoid the prospect of massive retrenchments following the announcement this week that 1,100 miners are to be made redundant at two gold mines.

Anglovaal announced that it was losing 600 workers at Loraine mine because of the weak gold price and Gencor will shed 500 within the next few days at Stilfontein.

Bullion continued its slide on world markets yesterday, falling $5.25 in London to $345.75 an ounce. The combined effect of a weakening gold price and production costs increasing by about 15 per cent have seen the industry's profitability decline by nearly 30 per cent in the past year.

As a consequence, as much as 25 per cent of the country's gold is being produced uneconomically. Without a significant price improvement, further retrenchments are inevitable. Most observers are resigned to this already.

Employment in the industry is about 500,000 people of whom an estimated 160,000 are employed on marginal mines. Although it is difficult to estimate how many of these are jobs at risk, some believe as many as 50,000 could go. Gengold, the gold arm of Gencor, has already reduced staff levels by 13,000 in the past 18 months.

Mr Rob Gillan, analyst at stockbroker Frankel Kruger, says he expects up to four mines to close. ERPM, whose future viability is the subject of a government investigation, and Stilfontein are top of the list. But other mines are likely to see significant cuts in activity as they concentrate on higher-grade ore.

The most uncertainty surrounds the value of the rand, given that few now expect a recovery in the bullion price to rescue the industry. Historically a strong dollar has been accompanied by a weakening of the dollar price of gold. The rand, in turn, normally then weakens against the dollar simply because of the importance of gold in the country's balance of payments.

But recently the rand has confounded this trend. Since February 20 the gold price has declined by 18 per cent but over the same period the rand has fallen only 4.7 per cent from R2.53 to the dollar to R2.66.

According to Mr Edward Osborn, chief economist at Nedcor, the rand's firm value is a reflection of the strength of the current account of the balance of payments. The slowing economy has seen demand for imports weaken considerably. Ironically, had the economy been stronger, the drop in the gold price might well have been accompanied by a weakening in the rand.

Although the Reserve Bank is committed to preventing undue depreciation in the currency, most observers believe that lower foreign exchange earnings from gold will drive the rand down and that the bank lacks sufficient reserves to defend it for long. Whatever solace this scenario offers gold producers, it holds little cheer for the battle against inflation.

Gold price falls, Page 38

HK hopes to stem brain drain

HONG KONG hopes to begin stemming the colony's "brain drain" of more than 55,000 people a year from next Easter by issuing UK passports under new British nationality legislation now through the Commons, John Elliott writes from Hong Kong.

It plans to issue passports to 15,000 key managerial and administrative personnel in the subsequent 12-18 months, involving 35,000-45,000 people if families are included.

"I am confident we are going to make a dent in the outflow of key people from next year onwards," Mr Donald Tsang, director of administration, said yesterday. The "brain drain" has been building up as ethnic Chinese leave for countries such as Canada and Australia, to gain the insurance of a foreign passport before Hong Kong returns to Chinese sovereignty in 1997.

Mr Tsang estimated "not less than 55,000 people" would leave this year. This would rise to 60,000 next year if no British passports were issued under the package, intended eventually to cover 50,000 heads of families in key jobs, and totalling a likely 225,000 people including families.

Mr Tsang said the first tranche would probably be issued over two or three years and provide about 30,000 passports to general business and professional categories, plus another 10,000 for people in police and civil service jobs.

The 15,000 handed out in the first 12-18 months in "general areas" would roughly equal the 8,000-10,000 key professional and administrative people leaving each year. Hong Kong aims to target its offer of passports to as many of these 8,000-10,000 as possible, hoping they will not then leave.

Moi faces a formidable challenge

Matiba attack adds a new element to Kenya's bitter political debate

YESTERDAY'S attack on the family of Mr Kenneth Matiba, the former cabinet minister who is one of Kenya's most prominent government critics, has introduced a new dimension to the country's already bitter political debate.

Although there is no evidence of government complicity in the attack, many Kenyans will see it as part the price Mr Matiba can expect to pay for his outspoken campaign for a multi-party system. Mr Matiba represents an informal alliance of middle-class businessmen, lawyers, and former politicians.

Much of the government's response has been intemperate: "tribalists, terrorists, neo-colonialists, subversives, gadflies, conspirators, hyenas, stooges, donkeys and hirelings of foreign powers", are among the epithets used by government ministers and spokesmen to discredit the advocates of a multi-party democracy as President Daniel arap Moi's ruling KANU party fiercely defends its entrenched authority.

Last month, Mr Moi offered a more considered defence of the one-party system, which he sees as having laid the basis for Kenya's record of economic growth and political stability, almost unrivalled on the continent.

Millions of lives had been lost in Africa "through ethnic, religious and political strife," he argued. "Today, we hear voices urging us to follow other paths...asked to risk that which we have so painstakingly built in order to live up to some generalised universal prescriptions of political behaviour. "We are not tied to the past," he continued, "we are a pragmatic people...open to ideas on how to manage our affairs." But what has been taken as a hint that reform within the ruling party was possible, fell well short of opponents' demands for fundamental constitutional change.

In another speech, Mr Moi made his position clear: "There is no doubt in my mind what the people of this country want. They want to remain one nation under one party."

Mr Matiba, a respected businessman who has been questioned in the past by security police and has had his passport withdrawn, challenges this view: "There is now an irreversible movement towards a multi-party system among the masses and there is nothing the government can do about it. They are going to try to resist because they know they will be swept from power with a multi-party democracy. So inevitably, there is going to be a confrontation with the people, involving strikes, protests and civil disobedience."

The government has responded to this challenge nervously, detaining for short periods up to 60 alleged opponents. Two cabinet ministers have been sacked, and proponents of a multi-party system come under almost daily attack in speeches by ministers and officials.

The post-independence political system established by former President Jomo Kenyatta owed much to the personal authority of a man who dominated the country's affairs for so long. It allowed greater debate in the ranks of a party in closer touch with grass-roots sentiment, say observers, than today.

Resentment grew at what was seen as the dominance of an élite drawn from Mr Kenyatta's Kikuyu tribe. Thus, when Mr Moi, from the Kalenjin tribe, took over on the president's death in 1978, feeling was widespread among Kenyans that it was time to redress the Kikuyu imbalance. Mr Moi's critics say the pendulum has swung too far. A rising number of appointments in government and state-owned corporations are said to owe less to merit than tribal affiliation, particularly, the Kalenjin.

Mr Moi has buttressed his authority with a series of constitutional amendments in the 1980s. He has made Kenya a *de*

Signs of discontent are growing, Julian Ozanne **and** Michael Holman **write**

jure one-party state and abolished security of tenure of the Attorney-General, members of the Public Service Commission and High Court and Appeal Court judges.

Recently, 19 prominent lawyers said these changes had resulted in an "over-concentration of power in the Presidency". "The doctrine of the supremacy of the party, which is controlled by the President, has supplanted the doctrine of separation of powers...The rule of law, fundamental freedoms and democracy have been debased".

Critics maintain that dissent frequently leads to expulsion from the KANU party. Opposition is also inhibited by the system of elections introduced in 1988, under which electors must queue in public behind the candidate of their choice.

It has led to mounting allegations of ballot-rigging and intimidation of voters, and a declining turnout, especially among the middle class and politically educated. These tensions, exacerbated by the problems created by a population growth approaching nearly 4 per cent, land hunger, rapid urbanisation, declining *per capita* income and unemployment, spilled over earlier this year. Street riots erupted in the wake of the brutal murder of Dr Robert Ouko, the former foreign minister, prompted by suspicions of government involvement which have yet to be dispelled.

Meanwhile, signs of rising urban political discontent are growing. Two weeks ago, an attempt to demolish a shanty town and evict 2,000 Nairobi slum dwellers blew up into a battle between residents and baton-wielding police and municipal security workers. Unofficial estimates put the death toll at eight. Mr Maina Wanjigi, the local MP and Minister of Agriculture, was sacked from the cabinet after condemning the action.

Most observers believe Mr Moi faces an uncomfortable choice between cracking down on the opposition, or bowing to demands for constitutional change. Whatever he decides, increasing urban discontent and the emergence of an alternative political leadership together pose a formidable challenge to the government.

Matiba: 'No coincidence'

Armed thugs wound family

THUGS armed with heavy axes, pangas (machetes) and guns broke into the home of Mr Kenneth Matiba, a former cabinet minister and Kenya's *de facto* opposition leader, early yesterday, seriously injuring his wife and daughter, Julian Ozanne writes from Nairobi.

At his home, some 20 miles from Nairobi, a shaken Mr Matiba implied the attack was a politically-motivated attempt to kill him because of his vocal opposition to the one-party régime of President Daniel arap Moi.

"It is no coincidence that they came here, well armed, looking for me at this time, then tried to make it look like a petty robbery," he said.

Mr Matiba, who was away during the attack, has been leading the campaign for a multi-party democracy in Kenya.

Earlier this week, after he applied for a licence to hold a mass political rally, a Minister was said to have threatened that the government would take stern action against him for "trying to rock the boat of the peace in the country".

Two cabinet ministers have called for his detention.

At his house yesterday, broken glass, jagged pieces of door-frame and papers littered the floor of the master-bedroom where the gang, of at least 15 men, had smashed in a window and sturdy iron security bars with a sledge-hammer.

Mr Matiba's wife, daughter and maid were held in the bedroom as the gang rifled through drawers and cupboards. The men, who allegedly called some of their number "corporal" and "captain", threatened to cut off the maid's ear.

They beat Mr Matiba's daughter across the face with the blunt edge of an axe. Mrs Edith Matiba was slashed on the back of the head and was admitted to hospital with a fractured skull.

Shots were fired by the gang as neighbours arrived. Nothing of value was taken from the house.

"If the incident was meant to scare me, I will not be scared. I have no intention of doing anything else but continuing to ask questions," Mr Matiba said.

The attack on Mr Matiba's home comes four months after the brutal killing of Dr Robert Ouko, the former foreign minister. A Scotland Yard team presented its preliminary findings to the government earlier this week.

But Kenyan officials and British diplomats, who have been briefed on the contents of the report, are refusing to comment.

Sri Lanka ceasefire in tatters

FIGHTING between separatist Tamil Tiger rebels and Sri Lankan government troops continued in the north-east of the island yesterday, with Wednesday's ceasefire in tatters and the government humiliation deepening as it fails to find and rescue more than 600 policemen taken hostage by the rebels, Mervyn de Silva writes from Colombo.

Police started pulling out of isolated stations in the region.

"The withdrawal is tactical," said an army spokesman - a considerable understatement since the Tigers control at least six police stations in the province and were able to storm a series of police posts in the Batticaloa district of the province's eastern section with impunity on Monday.

Aircraft, helicopter gunships and Chinese naval patrol boats are now being used to bomb and strafe Tiger positions and to evacuate marooned police and army personnel.

Reinforcements have been airlifted to Trincomalee, the important naval base in the north-east.

Mr Shaul Hameed, the Justice Minister, leaves for the northern Tamil stronghold of Jaffna today, as President Ranasinghe Premadasa's "peace envoy".

The Sri Lankan High Commissioner in Delhi has been asked to keep the Indian Government informed on developments. The south Indian state of Tamil Nadu has a Tamil population of 50m just across the Palk Strait from Sri Lanka.

South Korea to reorganise TV

By John Ridding in Seoul

SOUTH KOREA yesterday announced plans for reorganising the broadcasting sector, including setting up a private television network.

Mr Choe Byung Yul, Information Minister, said the moves would accommodate the rapid growth of advertising demand, improve choice available to the public and increase competition in the domestic broadcasting industry. South Korea has not had a private television network since 1980, when Tongyang Broadcasting Company was closed under Korean media reorganisation.

Mr Choe said the *chaebol*, the conglomerates which dominate the economy, will be not be allowed to apply for the new broadcasting licence. The new broadcasting law would stop an individual or institution owning over 49 per cent of the shares.

Protests came from the unions of Korea Broadcasting System and Munhwa Broadcasting Corporation, South Korea's two existing networks. "The plan was made without consultation with the broadcasting industry," said one union spokesman. Another said it was meant to boost government control of broadcasting and weaken the unions.

Israel spurns US Mideast peace criticism

By Hugh Carnegy in Jerusalem

ISRAEL yesterday indignantly rejected blunt criticism of the Government's hardline attitude to Middle East peace talks by Mr James Baker, the US Secretary of State, as relations between Washington and the new right-wing coalition got off to a thoroughly bad start.

Mr Yitzhak Shamir, the Prime Minister, and Mr David Levy, the Foreign Minister, had hoped to smooth over recent differences with the US following the formation of the coalition, led by their Likud Party, on Monday.

However, their insistence on not making concessions towards the Palestinians, and statements by Mr Shamir in which he appeared to adopt tougher conditions for peace talks, prompted Mr Baker to attack Israeli policy in unusually harsh terms. "When you're serious about peace, call us," he said after giving the White House telephone number.

Israeli officials replied that Government policy had not changed. They were stung by the remarks, which deepened concern about the deterioration in relations.

Mr Avi Pazner, Mr Shamir's media adviser, noted that new governments usually received a period of up to 100 days grace to formulate policy. "We weren't even given 100 hours of grace," he said.

The coalition also faced an early challenge at home yesterday in the shape of a one-day general strike called by the powerful Histadrut trade union federation to press its demands in negotiations for a two-year wages agreement.

Mr Yitzhak Moda'i, the new liberal-inclined Finance Minister, estimated the stoppage, which shut down most of the big public industrial sector, about 20 per cent of private industry, ports, most banks, state radio and TV and other public services, had cost the economy up to $150m.

The Histadrut, to which the vast majority of the work force belongs, planned the strike weeks ago. It is fighting Finance Ministry plans to link wages and cost-of-living rises to reforms of the centralised and rigid wage agreement system. This is a key element in efforts to free up the labour market and make Israeli industry more price efficient.

The unions also object to proposed income tax reforms and – in common with the Manufacturers Association, plans to liberalise the import regime.

● The European Parliament yesterday condemned Israel for what it called bloody repression, and called for an international inquiry into human rights violations in the Israeli-occupied West Bank and Gaza Strip, Reuter adds from Strasbourg.

In a resolution, MEPs supported the proposal to send an international commission to the occupied territories to conduct an inquiry into human rights violations. It also demanded Israel stop the immigration of settlers to the occupied territories.

Mr Robert Maxwell, the British publishing magnate, has this week secured a controlling stake in a prominent Israeli publishing house, committed himself to buy two ailing Jerusalem football clubs and announced plans to start a Russian language newspaper for Soviet Jews, Hugh Carnegy writes. In the latest of a series of commercial forays into Israel over the past 18 months, Mr Maxwell acquired 51 per cent of the Keter publishing house for $5m from Clal Industries, Israel's biggest private conglomerate.

Maverick's battle with Tokyo 'has just begun'

By Robert Thomson in Tokyo

SURROUNDED by piles of newspapers detailing his courtroom exploits, Mr Nobutsugu Shimizu, president of the Life Stores retail chain, emphasised yesterday that his unprecedented Y1bn (£3.83m) action against the Japanese Government over curbs on large retailers is not a money-making venture.

Instead, he likes to project an image of himself as defender of the little people in a society "run by bureaucrats and big companies". The point of the case, which began on Wednesday and has gone into recess for a month, is to kill the Large-scale Retail Store Law, to "make Japan like other free countries", and "ensure the people come first", says Mr Shimizu.

Abraham Lincoln is his hero, for his concern for the dispossessed, though Mr Shimizu is well-known for his political hob-nobbing.

He practises *kendo* – Japanese bamboo-sword-craft – in the parliamentary precincts, and is proud of his relations with Mr Yasuhiro Nakasone, the former prime minister, and Mr Toshiki Kaifu, the present premier.

Given Japanese legal delays, the case could take longer than his 10-year fight to build a new department store.

The Tokyo District Court may take five years to deliver a judgment, and Mr Shimizu is ready for a further 10 years of appeals if he loses the first round.

"If the government abolishes the law, we will end the case. We have already had indirect contact with government officials who say we can build the store if we drop the case, but we are not ready to give up," he said.

US officials have condemned the law as a "structural impediment" to trade, and several sections were revised two weeks ago. Applications must now be processed within 18 months, down from the 10 years or more in the past, and existing stores can add 100 sq m. for the sale of imported goods.

The record wait for approval is 16 years, though other companies conceded defeat after years of futile negotiations with the owners of small and medium-sized shops – an influential voting bloc in Japan, with veto rights over bigger competitors' plans.

US trade negotiators argued that the law, which applies to stores over 500 sq m., has restricted opportunities for foreign retailers and limited shelf space for foreign products. Mr Shimizu has passed on details of his problems to US officials, to strengthen Washington's case.

"Some people criticise me for doing this, but we have to oppose the government," said Mr Shimizu, whose office wall displays, in Chinese calligraphy, the revolutionary warning: "To build the new, destroy the old".

Life Stores has 70 outlets and claims to have plans to build another 60 stores over the next 10 years. The company has most of its stores outside Tokyo and Osaka, and, like Mr Shimizu, is self-consciously maverick.

He suggests the future for retailers in Japan lies in the outer suburbs, where land is cheaper and companies less bothered by building regulations.

The project for which he is claiming the Y1bn compensation is on the outskirts of Tokyo. It remains a parking lot despite 494 visits by his staff to counsel local shopkeepers. The hearing resumes next month, when the government is expected to present its defence. Mr Shimizu says the fight has only just begun.

Jakarta pledged $4.5bn in aid

By Claire Bolderson in Jakarta

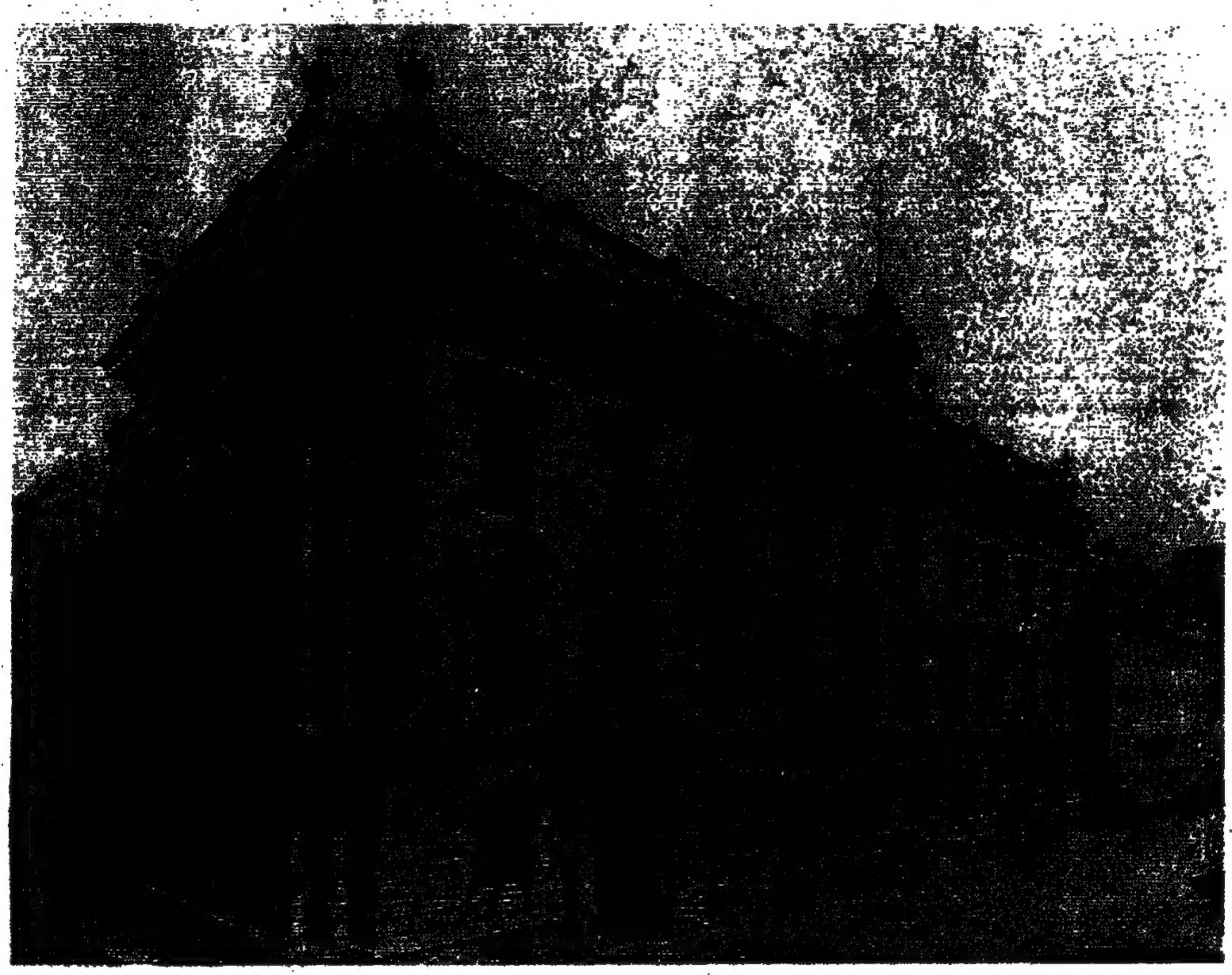
THE international consortium of nations which channels aid to Indonesia has announced a total of $4.5bn (£2.66bn) in foreign assistance this year.

The figure was pledged at the annual meeting of the Inter-Governmental Group on Indonesia (IGGI) in The Hague this week. It represents an increase of 4.6 per cent on the aid granted last year and is the amount recommended by the World Bank in its annual report on Indonesia.

Included in the package is $1.28bn in special assistance, or untied loans for local cost financing, which is intended to support Indonesia's balance of payments. The IGGI said special assistance had been reduced from last year's $1.8bn "in view of the (Indonesian) Government's firm commitment to increasing non-oil exports".

The 14-nation group praised Indonesia's economic progress – with growth of 7.3 per cent last year and a forecast of 6.8 per cent this year. But they said continued high growth was needed "to raise living standards further for those below the poverty line" – estimated at 17 per cent of the Indonesian population.

The whole world is talking about East Germany. We are already there.



The original Dresdner Bank headquarters at König-Johann-Straße 3 (as of 1897).

Dresdner Bank has rightly earned its reputation for being a global bank.

We're proud to be the first West German bank in East Germany.

With representative offices and branches in 60 countries on every continent, in many important international financial markets we were the first foreign bank to establish a presence – for example in Moscow, Warsaw et Prague as well as on the Tokyo Stock Exchange. And now we have opened our doors in a country that will no doubt continue to be in the news for some time to come: East Germany.

The tearing down of the Berlin Wall opens up new perspectives – not only with regard to East Germany but in Eastern Europe as a whole.

New business opportunities are opening up almost every day for companies from every part of the globe.

Markets and enterprises are being formed which will need to enter into co-operation agreements with foreign companies.

That is why we attach considerable importance to our decision to open an office on 2nd January of this year in Dresden, our place of birth.

Further offices have since been opened at regular intervals in other East German cities.

Since the first office was established, we have moved quickly, worked hard, and learned much.

And now, via our London Branch you, too, can benefit from the knowledge and experience we have gained.

Dresdner Bank

Dresdner Bank AG · London Branch · 125, Wood Street · London EC2V 7AQ · Telephone: (01) 606-7030 · Fax: (01) 600-6310

AMERICAN NEWS

Rescue agency for S&L 'may run out of money'

By Peter Riddell, US Editor, in Washington

THE US FEDERAL agency handling the rescue of the savings and loan industry could run out of money before the end of this year unless Congress approves additional funding, Mr Nicholas Brady, Treasury Secretary, warned yesterday.

The early need for more public funds is highly embarrassing for Congress because the rescue of the savings and loan (or thrift) industry, the largest such emergency operation in US history, is highly unpopular with voters.

The sharply increased costs are also complicating the current budget negotiations between the Administration and the Congressional leaders. Mr Alan Greenspan, chairman of the Federal Reserve, said yesterday that interest rates could fall "very significantly" if a credible budget package were agreed. However, he warned that a non-credible agreement would be greeted by the markets with a "yawn."

One problem is that the pace of the rescues has been accelerated. Mr Brady told the House Banking Committee that the Resolution Trust Corporation (RTC) expected to meet its target of closing or selling 141 insolvent thrifts in the second quarter of the year, having dealt with 96 thrifts (carrying total assets of $21.2bn) by June 8. A further 50 to 75 thrifts are expected to be closed or sold in the third quarter.

He said the RTC "could, with an aggressive schedule of case resolutions, run out of funds by the end of this calendar year or early next year." The Congressional Budget Office has warned that the RTC could exhaust existing funds early in fiscal 1991, starting in October.

Congress last year voted $50bn in rescue funds.

Mr Brady said yesterday that, although any estimate was "highly uncertain", a "representative range" for fiscal 1991 would be "about $30bn to slightly over $50bn." He added that the RTC would need up to $76bn in fiscal 1991 – up to $26bn in working capital and up to $50bn in basic rescue funds.

● Mr Don Dixon, who ran the now-defunct Vernon Savings and Loan of Dallas, has been indicted on 38 charges, including fraud, illegal political campaign contributions and using the thrift's funds to pay for junkets, including arranging prostitutes for executives and a state regulator.

The collapse of Vernon has cost US taxpayers nearly $1.3bn. When it was taken over by federal regulators 2½ years ago, 96 per cent of its loans were found to be bad.

Mr Dixon was involved in the resignations last year by Mr Jim Wright, Democratic Speaker of the House of Representatives, and Mr Tony Coelho, Democratic Majority Whip in the House. The former had intervened with federal regulators on Mr Dixon's behalf. Seven Vernon executives and a big borrower have been convicted of defrauding the thrift.

Oil workers on strike in Brazil

By Christina Lamb in Rio de Janeiro

WORKERS at Petrobrás, the Brazilian state-owned oil industry, have begun strike action in protest over plans for more than 13,000 dismissals.

Leaders of the National Union of Oilworkers called, late on Wednesday night, for an all-out strike after the first 1,000 dismissals were made. So far, work has stopped at five refineries, including the country's biggest in São Paulo state.

Petrobrás workers meet today to vote on all-out action which could bring Brazilian industry to a halt within three weeks. Petrobrás has only 10 days' stocks of fuel oil and petrol, and distributors another 10.

The job cuts amount to 16 per cent of the workforce. These are the first major public sector job losses since President Fernando Collor de Mello promised to put 360,000 employees off the state payroll by June 18, as part of measures to trim the fiscal deficit. However, ministers have scaled down this target subsequently to about 120,000.

Unions at Petrobrás originally called a strike for June 6 but cancelled it at the last moment.

Several sectors are hit by strikes. Union leaders estimate that about 1m workers in the country are out.

Metalworkers in São Paulo are also on strike, thus stopping a key industry.

Baker creates a hot line to the White House

Mr JAMES BAKER, the US Secretary of State, will not win any popularity awards with White House switchboard operators, who were overwhelmed by calls after he publicly gave out the White House telephone number, Reuter reports from Washington.

Mr Marlin Fitzwater, the White House spokesman, said the White House received between 6,000 and 8,000 telephone calls on Wednesday night and shut down for a while after television news programmes showed Mr Baker telling the Israeli government to "call us" when it wanted Middle East peace.

"The telephone number is 1-202-456-1414. When you're serious about peace, call us," he said in testimony to the House of Representatives' Foreign Affairs Committee on Wednesday.

Some operators sought to redirect the calls from the White House to the State Department. A reporter from Israel's Armed Forces Radio, for example, was informed he had the wrong number and told to dial Mr Baker's department at 202 647-4000.

"You mean he (Mr Baker) made a mistake?," the caller asked. "Yes, sir," came the response. Others told callers to dial 202 456-7639, a special White House line for public comments and advice to the President.

One operator abruptly hung up when asked for details about the routing of calls triggered by Mr Baker's comment. But the comment hot line was itself overwhelmed and a taped message asked callers to wait because all lines were busy.

Mr Fitzwater said many White House operators wanted to give out some home phone numbers – presumably Mr Baker's – and he suggested the secretary of state might want to make amends. "The White House operators can expect a big Christmas present from the State Department."

Drug cartel leader shot dead

POLICE have delivered their second biggest blow to Colombia's powerful cocaine cartels by killing John Jairo Arias, one of the leading drug kingpins, authorities said yesterday, AP reports from Bogota.

Meanwhile, a bomb exploded yesterday morning in the same neighbourhood where police killed the drug lord, an exclusive residential section of southern Medellin, Colombia's second largest city.

No official death toll was immediately available. But the RCN radio network reported that the blast killed two people and injured about 20 others.

The bomb may have been in retaliation for Wednesday night's killing of Arias, who officials said was the leader of the Medellin cartel's vast network of hired killers. Members of Colombia's Elite Police Corps, a group specially trained to fight drug traffickers, shot Arias as he tried to resist arrest. said.

US recycles pop culture

Alan Friedman finds big bucks in cartoon cast-offs

CAN THE square-jawed profile of a 1930s plain-clothes policeman become as popular as the batwing-logo of Batman, the movie hit that last year grossed more than a quarter of a billion dollars?

That is the $60m question being asked of the Walt Disney Company this week as fingers are crossed ahead of today's US box office premiere of Dick Tracy, the motion picture version of the Depression-era comic strip that stars Warren Beatty and Madonna.

Beatty as Tracy: His services were a steal at a mere $8m

Disney says comparisons with Batman are wrong and won't disclose its budget for the film, but industry estimates suggest that production costs were about $30m and release (publicity, marketing and such) costs another $30m.

Already the Dick Tracy logo – taken straight from the cartoon character who made his debut in The Detroit Mirror in 1931 – is gracing T-shirts, toys, watches and dozens of other fad products that could generate hefty revenues if the film is a blockbuster hit.

But are audiences prepared to pay for the pleasure of watching Warren Beatty, draped in yellow Burberry-made raincoat and matching fedora, getting an urgent call on his "unique two-way wrist-radio"? And will the presence of the sultry Madonna as "Breathless Mahoney", the nightclub crooner who tries to be Dick Tracy's temptress, prove an attraction?

The jury remains undecided. Never mind that Al Pacino plays the part of the Al Capone-like mob leader "Big Boy" Caprice and is surrounded by ghoulish looking cronies who have been transformed by prosthetic special effects into notorious gang members such as Flattop and Pruneface.

The reasons for doubting whether Tracy-mania will match last year's Batman craze are various.

For one thing Warren Beatty, who produced, directed and starred as Tracy for a fee said to be around $8m, is no longer the Hollywood heart throb he once was. It was 23 years ago that he starred with Faye Dunaway in Bonnie and Clyde and he is now a seasoned 53 years old.

Beatty, say the skeptics, is no longer fashionable box office. What is more he dislikes publicity and in current television interviews appears to suffer an indignity each time he is asked a question.

Then there is the entire concept of Dick Tracy.

The comic strip may have survived in the US for nearly 60 years since its debut, but the new generation of American teenagers may not be especially intrigued by the tough detective. Indeed some surveys suggest that while many Americans will have heard of the Dick Tracy craze, not everyone will consider it a "must see".

Finally, the release of Dick Tracy comes smack in the middle of June, just as every major studio is pushing out its best bid for the blockbuster category.

The all-American cartoon character is up against the brawn of another Arnold Schwarzenegger epic ("Total Recall") and the latest vehicle for teen idol Tom Cruise ("Days of Thunder").

Mr Jeffrey Katzenberg, the man who heads the Disney studio, takes a dim view of all the speculation. He points out that comparisons with Batman are misplaced: "Batman was a phenomenon and a phenomenon is by definition completely and utterly unpredictable. And analogies between Dick Tracy and Batman are foolish".

Mr Katzenberg describes Disney's expectations for the film as "modest, but ambitious", which may sound like Tinsel Town double-speak, but in the industry may be taken to mean that respectable box office gross revenues for Dick Tracy would approach the $100m mark.

Whether the movie is a hit or not, the Dick Tracy craze is in full swing across America, and by implication could cross the Atlantic before long. Images of the square-jawed sleuth are already plastered on plates, party favours and dish cloths. It may not be Batman, but it's undoubtedly the latest offering of American pop culture, recycled from 1930 to 1990.

Insurers to fight Californian rates cut

By Louise Kehoe in San Francisco

THE US insurance industry yesterday denounced as unconstitutional a Californian ruling that insurers whose profits exceeded 11.2 per cent last year would be forced to reduce their rates on property and casualty insurance, and give refunds to customers.

The ruling by Mrs Roxani Gillespie, California's Insurance Commissioner, "will result in an unconstitutional confiscation of property," the American Insurance Association said, signalling a legal battle against the decision.

The commissioner's move is the latest action in a lengthy dispute between the commissioner, insurers and consumer groups over implementation of Proposition 103, the "insurance revolt" initiative passed by Californian voters in November 1988.

The insurance industry has mounted a legal battle against Proposition 103, which would transform the Californian property and casualty insurance market into one of the most tightly regulated in the US. The industry fears that, like the Californian tax-trimming of the late 1970s, the insurance-cutting measure could trigger nationwide efforts to reduce insurance prices.

The proposition called for insurers to reduce their premiums to 20 per cent below 1987 levels. Industry challenges, however, led to a Californian Supreme Court ruling which modified the new law. It ruled that insurers have a right to a "fair return" and cannot be forced to reduce rates if that right would be diminished. Even so, the court did not define "fair return."

After six months of hearings, Mrs Gillespie ruled on Wednesday that the fair rate of return should be 11.2 per cent, and said that she would move quickly to bring test cases to impose rate cuts and refunds to consumers of excessive premiums charged since the passage of Proposition 103.

Despite the fierce industry reaction, two of the state's largest auto insurers said that they did not expect to have to reduce their rates. Both State Farm and Farmers Group, a subsidiary of BAT of the UK, said their rates of return on equity, on Californian auto insurance, have been below 11.2 per cent for the past few years.

Washington mayor to bow out

By Peter Riddell in Washington

THE decision by Mr Marion Barry, Mayor of Washington DC, not to seek re-election in November has created uncertainty, both about the future political direction of the US capital city and about his current trial on 14 drug and perjury charges.

The Barry affair has divided the city, which is largely black, in part along racial lines. There are charges that the mayor, like other elected black officials, has been persecuted by the white establishment, which he had challenged. By contrast, many former supporters of the mayor – in office for 12 years – have become disillusioned with him after a series of stories of drug and alcohol abuse.

Associates of Mr Barry were yesterday quoted as saying his announcement was part of a defence strategy to depict him as a victim who has paid a large price and should not suffer the full weight of the law.

US finished goods price index rises

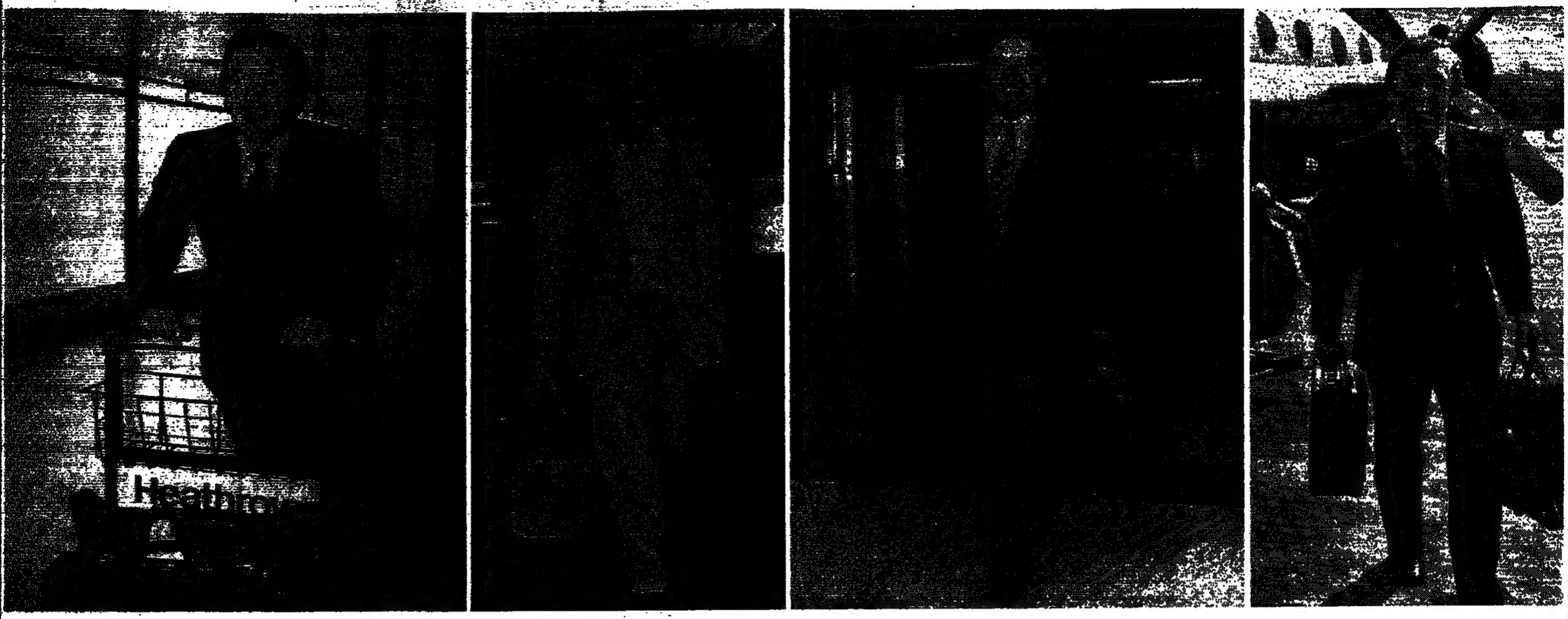
By Anthony Harris in Washington

THE US producer price index for finished goods rose 0.3 per cent in May, having fallen in each of the previous three months, the Commerce Department announced. The rise was closely in line with market expectations, and due almost entirely to the volatile food component.

With food omitted, the index is virtually unchanged over the last three months, with falling energy prices offsetting a rise of about 0.2 per cent monthly in other non-food goods.

Prices of intermediate goods, bought for further processing, have not moved in the past three months, but the May index suggests that the decline in crude goods prices may have exhausted itself. The crude goods index fell 0.1 per cent in May, having fallen 3.5 per cent in the previous two months.

Even David Frost cannot manage to be on every flight.



Last year, there were 37 million international flights. (This year the figure will grow by 5%.)

Such busyness in the air has created quite a business on the ground.

Every month, 20 tonnes of fare and schedule data are published in the ABC World Airways Guide.

Over 1 million copies of the guide are sold to corporations, travel agents and airlines in 180 countries. (Thirteen airlines also take ABC's on-line reservation service.)

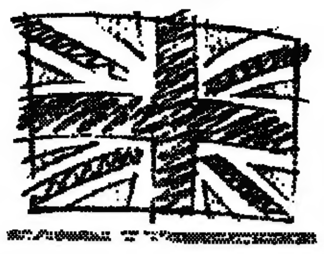
Not surprisingly, ABC has become a high-flyer in its own right.

It is owned by Reed International.

REED INTERNATIONAL IS THE UK'S LARGEST PUBLISHING AND INFORMATION COMPANY. FOR FURTHER INFORMATION RING NICHOLAS JONES ON 071-491 8277.

UK NEWS

BRITAIN IN BRIEF



Gulf move angers bank staff

BANK of Credit and Commerce International has replaced most of the six-man management group charged with rationalising the bank amid growing signs of militancy from UK-based employees whose jobs are threatened.

Middle management in the bank said the changes were symptomatic of internal confusion over the restructuring programme and the imminent move of the headquarters from London to Abu Dhabi, following 1989 losses of $498m and the Abu Dhabi ruling family's increased shareholding in the bank. Mr Zafar Iqbal, brought in from Abu Dhabi to supervise the move, remains chairman of the restructuring committee.

Staff faced with 500 UK redundancies have been discussing possible wildcat action if management fails to improve its redundancy package.

GM to invest £10m in plant

General Motors of the US is to invest more than £10m to expand the capacity of its Delco Electronics automotive components plant in Kirkby, near Liverpool.

Delco Electronics is planning to increase its capacity at Kirkby for assembling electronic control modules for engine management systems, from around 250,000 a year to close to 1m units a year by 1993.

Brittan singles out UK beer

Sir Leon Brittan, European commissioner for competition has singled out the UK in a report on the European beer market.

The report says that only in the UK was the contractual link between the brewers and the public houses seen as a threat to competition.

In all other EC countries the precentage of beer to pass through tied houses is less than 40 per cent, compared to over 60 per cent in Britain.

Polytechnics win degrees

Polytechnics will have the power to award some of their own degrees bringing them further into line with universities, under proposals published by the government yesterday.

"It is a further step forward towards the status enjoyed by universities," said a spokesman for the Committee of Directors of Polytechnics. However, the proposals would stop short of giving polytechnics the same autonomy as universities.

Mr John MacGregor, Education Secretary, published results of a policy review of the government-run Council for National Academic Awards (CNAA) which is currently responsible for awarding degrees at polytechnics.

Scientists cool BSE scare

The chances of humans contracting "mad cow" disease through eating beef were "extremely remote" because of government actions taken since its outbreak in cattle, a House of Commons select committee was told.

Sir Richard Southwood, professor of zoology at Oxford, and chairman of the first inquiry into the disease for the Government, told the Agriculture Select Committee, eating beef was "safe to the extent that anything in this life is safe."

Ruling on airplane seizure

The Court of Appeal overturned a High Court judge's ruling that Customs and Excise officers acted unlawfully when they seized an Air Canada Tri-Star at Heathrow in April 1987, after finding £800,000 worth of cannabis resin among its cargo.

The ruling means Customs officers are entitled to seize large passenger planes on scheduled flights if they are found to be carrying prohibited goods, such as drugs.

THE CHANNEL TUNNEL RAIL LINK

Political obstacle course derails fast train project

IT SEEMED so obvious back in 1987. Once the way had been cleared for the construction of a railway tunnel under the Channel to speed up travel between Britain and the Continent, it surely made sense to complete the job by using the tunnel to provide a high-speed passenger rail service between London and the nearest Continental capitals – Paris and Brussels.

The French, who had always perceived the tunnel as a crucial link in a future pan-European high-speed rail network, embraced the idea with enthusiasm. Already well advanced on the construction of their own high-speed rail system, they started work on a spur from the planned Paris-Brussels route to give both cities an express link with the tunnel from the day it opened in 1993.

Three years down the track, however, Britain's plans for a dedicated express route between London and the tunnel mouth at Folkestone remain firmly embedded in a mire of political and financial controversy, and while yesterday's government announcement went some way towards clearing a way through the murk, the completion of the link still looks as depressingly far away as ever.

The difficulties with Britain's portion of the high-speed route began in July 1988 when British Rail started mapping out a proposed line through Kent and London.

Its task was never going to be easy. Unlike the Continental routes to the tunnel, Britain's had to pass through one of the country's most densely populated areas, so the cost inevitably had to be greater to meet the expense of satisfying environmental concerns.

By 1989, amid uproar in the Tory heartland of Kent and with BR's cost estimates soaring from an initial £1.25bn to something over £3bn, the Government decided that an injection of private enterprise was needed to bring the project under control. The result was the creation of European Rail Link, a consortium consisting of British Rail, Trafalgar House and BICC.

The Government had hoped that the private sector would find a way of building a high-quality line without Treasury support. Its hopes, however, were unfulfilled. The consortium's £2.6bn scheme did trim more than £500m off BR's last estimate, but its promoters found that to achieve the desired 20 per cent rate of return on their investment, they needed a substantial leg-up.

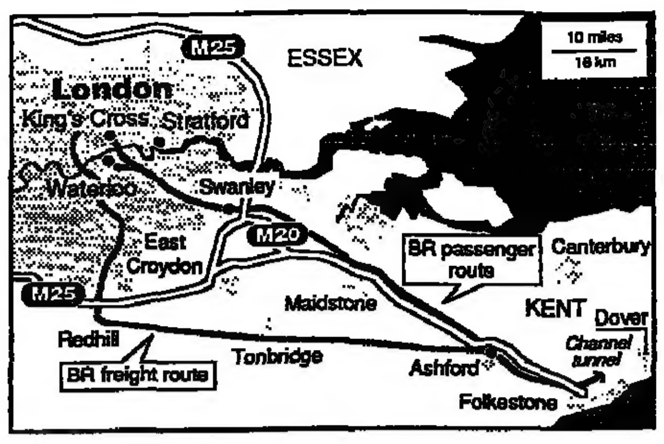
An outright grant was ruled out because Section 42 of the Channel Tunnel Act prohibits subsidies for international rail services passing through the tunnel. Instead, the promoters came up with two suggestions.

The first was that the Government should put £500m into the line and £400m into the railway terminals in recognition of the fact that half their capacity would be made available to Kent commuter services.

The second was that the consortium should take over the running of cross-Channel passenger services not from the opening of its high-speed line in 1998, but from the launch of BR's service along the existing railway line to Folkestone in 1993.

The idea was that the operating revenues it would receive during that five-year period would help to meet the cost of building the new line. In return, the £1.1bn that the Government was lending to BR to finance the 1993 Channel service would be repaid in the year 2010, with interest.

The Government, however, considered that the consortium was seeking quasi-subsidies. If there was a commercial case for a high-speed link, it said, it should rest on normal commercial criteria. The effect of those proposals would be to guarantee a high rate of return for the investors while leaving the



risk at the door of the taxpayer.

A more cynical view of the Government's reasoning is that politics had much more to do with its verdict than economics. If the line was ever to have been built, it would have required Government backing of a hybrid bill through Parliament – a move that would have embroiled the Conservatives in an intensely controversial measure in the run-up to the general election expected next year.

Whatever the true reason, the outcome is controversial in itself. Europhiles and railway enthusiasts are not alone in claiming that the Government's prevarication over the high-speed link is turning Britain into a laughingstock. A rail journey from Paris to London in 1993, they say, will be like travelling by Concorde as far as the tunnel, then changing to horse and cart.

In fairness, that is an exaggeration. Waterloo is to get an airline-style rail terminal that will bear comparison with anything in Paris or Brussels, and the specially built trains and specially trained crews that start operating through the tunnel in 1993 will be the same whichever side of the Channel they are on.

The only deterioration in service that passengers are likely to perceive on the British side of the tunnel is that the high-speed trains will slow down from their Continental cruising speed of 186 mph to a maximum of about 100 mph on the British side. That reduction is necessary because the trains will have to share British Rail's existing tracks with other traffic.

In one respect, that is not as significant as it appears. In order to satisfy environmental objectors, it has already been agreed that a speed limit of 140 mph will be imposed on the high-speed link in an effort to reduce noise.

Nevertheless, a higher average speed on the new line would have made it possible to cut the three-hour journey time between London and Paris by 30 minutes from 1998. The loss of that time-saving opportunity for a further indefinite period will impinge on the railways' ability to compete with the airlines.

Much more significant, however, is the question of capacity. On present forecasts, the existing railway lines through Kent will be so choked with traffic by the turn of the century that it will become increasingly difficult to meet demand and operate a reliable service.

British Rail, however, appeared to be taking a sanguine view of the situation yesterday. Although the private bill necessary to construct the line will now miss this November's legislative window, next year's window should take the legislation safely past the expected general election and still leave time for the line to be built by the end of the century.

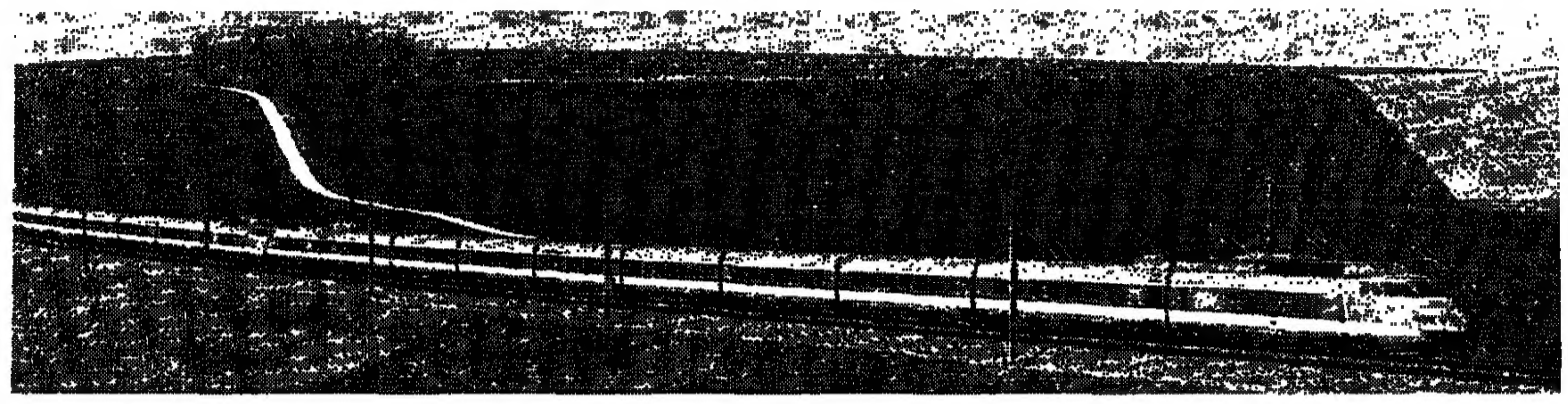
Financing it, too, suddenly looks less troublesome. Although BR is now going to have to do the job on its own, it has two big advantages over the private sector: first, because it can borrow at finer rates, and second, because the Government requires BR to secure only an 8 per cent return on its investments, not the 20 per cent sought by the private sector.

Further, its ability to fund the project from its own resources means that the question of Government grants – and possible contraventions of Section 42 – suddenly disappears.

Still, a year and a half with an intervening general election is a long time in politics, and, on the basis of past performance, few will be surprised if Britain's only main line to be proposed this century finds itself with a few more rivers to cross.

Lex, Page 26

Richard Tomkins



France lets TGV take the strain and the glory

FRANCE'S rail board, the SNCF, and British Rail live in different worlds.

The contrast was demonstrated this week when the French Transport Ministry tabled an ambitious FFr190bn (£20bn) plan to build and equip 14 new high-speed lines over the next 20 to 25 years, covering nearly 3,500km (2,170 miles).

To make the contrast even more vivid, this latest French proposal does not include the country's own express rail link to the Channel tunnel, which is already agreed and will be completed by the SNCF in 1993.

Neither does it include a FFr535m five-year joint research programme launched last month, between the SNCF, two government ministries and GEC-Alsthom, the Franco-British engineering company that builds the missile-like Trains à Grand Vitesse (TGVs).

The research programme will be devoted to developing express trains capable of of 350kph compared with the current 300kph (186mph) limit on normal services – already the world's fastest.

The French Government sees the TGV, which takes up over half of SNCF's investments, as a means of both enhancing France's position in Europe generally and spreading economic power from Paris into the regions.

Mr Michel Delebarre, the French Transport Minister, said this week: "A TGV network is an ambition for France. But it is also a considerable project for developing the regions and opening up towards Europe."

In addition, the sleek, luxurious trains are a source of popular national pride as a shop window of French technology.

Beneath the contrast, there is one similarity. Like its British neighbour, the French Socialist Government has worked hard to place its debt-burdened railways on a commercial footing.

Subsidies are to be curbed, and as a general rule the SNCF will only build new lines if it can foresee at least an 8 per cent return on investment.

By the end of last year, the SNCF had piled up FFr99bn of debts of which it is planning to write off FFr38bn.

That, says the Paris administration, will be the last bail out for the SNCF, which in 1989 made its first net profit – FFr130m – for a decade and is now considered strong enough to survive without assistance.

William Dawkins

Contractors fighting shy of private projects

TRAFALGAR HOUSE and BICC have spent a lot of money and management time preparing proposals for a privately funded high-speed rail link and for a privately financed bridge across the River Severn.

Mr Cecil Parkinson, the Transport Secretary, told the companies two months ago they had not been chosen for the Severn crossing. Yesterday they learned that their bid to finance and build the link had also been rejected.

The cost to the two companies of preparing the Severn bridge bid was about £5m. The cost of preparing financial and engineering proposals for the 68-mile, high-speed link will have been at least twice that.

Both companies will be compensated for expenditure on the link but not for the Severn bridge. That may not comfort British and Japanese banks that have been paid but have spent a long time arranging and negotiating financial proposals.

The experiences of Trafalgar House and BICC appear to confirm the belief of many construction companies that preparing bids for private-sector transport projects is expensive, risky and not worth the effort.

Government attempts to persuade British contractors to prepare proposals for a few privately financed road schemes have met a cool response. The contractors complain that bids can be undermined because the Government frequently changes the rules to satisfy political objectives.

That appears to be borne out by the experiences of Trafalgar House and BICC on the link. At one stage, plans for costly tunnels and cuttings were introduced to placate voters and then removed when it was realised this would kill the scheme.

British Rail has now been given sole responsibility for developing the £2.6bn project. The most likely possibility is that it will be financed in the same way as the proposed upgrading of existing track from the Kent coast to Waterloo station.

That would involve BR using public-sector debt, which will be required to earn a lower rate of return than money raised from the private sector.

Construction companies say thedecision could have been reached two years ago, saving a great deal of wasted time and effort.

Three consortia, including subsidiaries of Tarmac, Trafalgar House and BICC, are bidding to build a privately financed northern relief road around Birmingham. All three said yesterday that they remained in the race although some are concerned about competition from alternative public-sector roads.

Andrew Taylor

Express and freight service proposals unaffected by delay

ANOTHER DELAY to the construction of the high-speed rail link will undoubtedly be seen as a severe impediment to Britain's communications with the Continent in the run-up to the single European market. It is also in danger of giving rise to misconceptions.

It is wrong, for example, to suppose that freight traffic will be affected by the decision. The high-speed link was only ever intended to carry passenger traffic: freight is to travel along existing lines using spare capacity in off-peak hours.

The decision will also leave the original plans for cross-Channel services unaffected.

Cross-Channel express trains will start operating out of London along existing tracks from the day the tunnel opens in 1993.

Even if the high-speed link had been approved yesterday, it would not have come into operation until 1998.

The Government is lending British Rail £1.1bn to upgrade existing lines and facilities in readiness for the 1993 launch.

Nearly half of that figure will cover BR's contribution towards the cost of building a fleet of international trains based on France's high-speed TGV, each seating 794 passengers.

Initially, there will be 15 trains a day from Waterloo to Paris, and the same number to Brussels.

The rest of Britain will have just two trains a day to each capital: one from Manchester and Birmingham, the other from Edinburgh and Leeds, trains from each pair of starting points linking to form one train.

London departures will leave from a £100m five-platform international terminal to be built at Waterloo.

Intermediate stations are planned at Ashford in Kent, Fréthun near Calais, and at Lille in northern France, with the possibility of a further station in west Kent to serve the Medway towns.

Speed apart, those trains should operate quite satisfactorily to the end of the century.

At that stage, traffic forecasts suggest that the passenger line to the Kent coast and the international terminal at Waterloo will both be approaching capacity.

British Rail had hoped that, by then, the new high-speed line would be ready to take the cross-Channel train traffic off existing routes.

At the London end, meanwhile, it planned to build a second international terminal underneath London's King's Cross station.

BR has said that it needs the new King's Cross terminal whether it gets a high-speed line or not.

The further delays are inevitably casting doubts on prospects for the huge 134-acre commercial development planned above ground level at King's Cross.

Mr Cecil Parkinson, the Transport Secretary, did hold out one ray of hope for the developers yesterday when he said that in the Government's view, "nothing in this statement invalidates the benefits to British Rail of this House proceeding with the King's Cross Bill."

Richard Tomkins

Saatchi & Saatchi struggle to secure bank guarantee

By Alice Rawsthorn

SAATCHI & SAATCHI, the communications group which is struggling to stabilise its finances, is trying to secure a bank guarantee for £40m by the beginning of next week.

Saatchi needs the guarantee to comply with a request from the ITV Association, which represents the commercial TV companies in the UK.

The sum of £40m is equivalent to the highest ammount of money spent by Saatchi's UK advertising agencies on commercial television over two consecutive months in the past year.

It is standard practise for the ITVA to ask agencies to provide such a guarantee if it becomes concerned about their financial condition. The Saatchi group, which last week announced a pre-tax loss for the first half of its financial year, is burdened by hefty borrowings amassed in its acquisitions in the late 1980s.

Saatchi said it was confident of securing the guarantee on time. Its shares tumbled by 8p to 89p yesterday.

It is understood that Saatchi has been in with its banks for several weeks, but that the two sides are still negotiating the terms on which the guarantee would be provided.

There is speculation in the City that the banks may be putting pressure on Saatchi to sell BSB, one of its two international advertising agencies, to reduce its debts.

Mr Robert Louis-Dreyfus, who became chief executive of Saatchi earlier this year, hopes to retain BSB as part of the group's communications interests. But Saatchi will almost certainly have to sell the agency unless its finances improve dramatically between now and the middle of 1993 when it may have to pay as much as £211m to redeem a convertible preference issue.

An early sale of BSB, which could raise around £200m, would have the advantage of improving Saatchi's financial position by reducing its interest payments – and earnouts, or defered payments on acquisitions – in the short term.

The ITVA is expected to demand guarantees from a number of other advertising agencies over the next few months.

Several large London agencies have been adversely affected by the slowdown in the UK advertising market.

Saatchi disclosed in last week's interim results that its flagship London agency made a negligible profit in the first half of the year. Yellowhammer is struggling to resolve its financial problems.

Wage inflation figures appear to hold steady

May jobless figures for UK show second monthly rise

By Anthony Robinson

UK UNEMPLOYMENT rose in May for the second consecutive month, but the latest average earnings figures did not increase as expected.

The Department of Employment said the average earnings index for April showed an unchanged annual underlying increase of 9.5 per cent, largely because lower bonus payments to those employed in financial and service industries helped offset higher earnings in other sectors.

Seasonally adjusted unemployment rose by 4,400 to 1,611,000, leaving the seasonally adjusted rate of unemployment unchanged at 5.7 per cent.

Although modest, last month's rise in the jobless total was double the revised 2,200 increase in April which marked the first increase in unemployment since July 1986, the Department of Employment said.

A 4,300 drop in job vacancies in May to 195,000 was another indicator of weakening demand for labour.

The bulk of recent job losses again appeared to be concentrated in the manufacturing sector where employment fell by 11,000 in April to 5,112,000. Employment in manufacturing has fallen in 12 of the last 13 months bringing employment in this important sector to its lowest level since January 1988.

Although the 9.5 per cent underlying annual increase in the average earnings index for April showed no change over the previous three months Mr Michael Howard, Employment Secretary, warned that the UK's manufacturing unit wage costs were continuing to rise faster than those of competitors. "Moderation in pay remains essential if future job prospects are not to be put at risk", he added.

Describing the figures as "disappointing but not unexpected" Mr Howard added that "the interruption in the downward trend need only be short term" given what he called "realistic wage settlements." Recent months have seen a string of pay awards above the level of inflation.

Despite rising unemployment, overtime in manufacturing industries rose to 12.89m hours in April from 12.61m hours in March while the number of work stoppages in April at 56 was the lowest for the month since 1935.

The official figures show that unemployment continues to fall in the north of the country, Scotland and Northern Ireland.

The recent rise in unemployment has been confined mainly to the prosperous south-east while total employment, at over 27m, remains the highest ever, Mr Howard said.

Mr Tony Blair, Labour Party Employment spokesman, described yesterday's figures as " a body blow to Britain's almost 2m unemployed." He called on the government to reverse its cuts in training and skills expenditure and "give essential help to the unemployed by investing in training and upgrading the skills of Britain's workforce.

Bank Governor says thrift is falling out of fashion

By Andrew Marshall, Economics Staff

THRIFT has gone out of fashion in the UK, Mr Robin Leigh Pemberton, the Governor of the Bank of England said yesterday.

Banks and other lending institutions risk damaging their reputation if they encourage this trend through irresponsible credit advertising, he added in a speech to the Association of International Savings Banks in London.

Mr Leigh-Pemberton said he had "few regrets" about financial deregulation over the past decade. But he admitted that it had had some "quite startling effects," prinicipally because it had been a factor in the surge in personal borrowing.

"Ten years ago, the amount of consumer credit outstanding was equivalent to $3\frac{1}{2}$ weeks' total post-tax income; now it is equal to more than 7 weeks' income." The implication was that "thrift has gone out of fashion."

The Bank looked at three areas of concern arising from this, the Governor said:

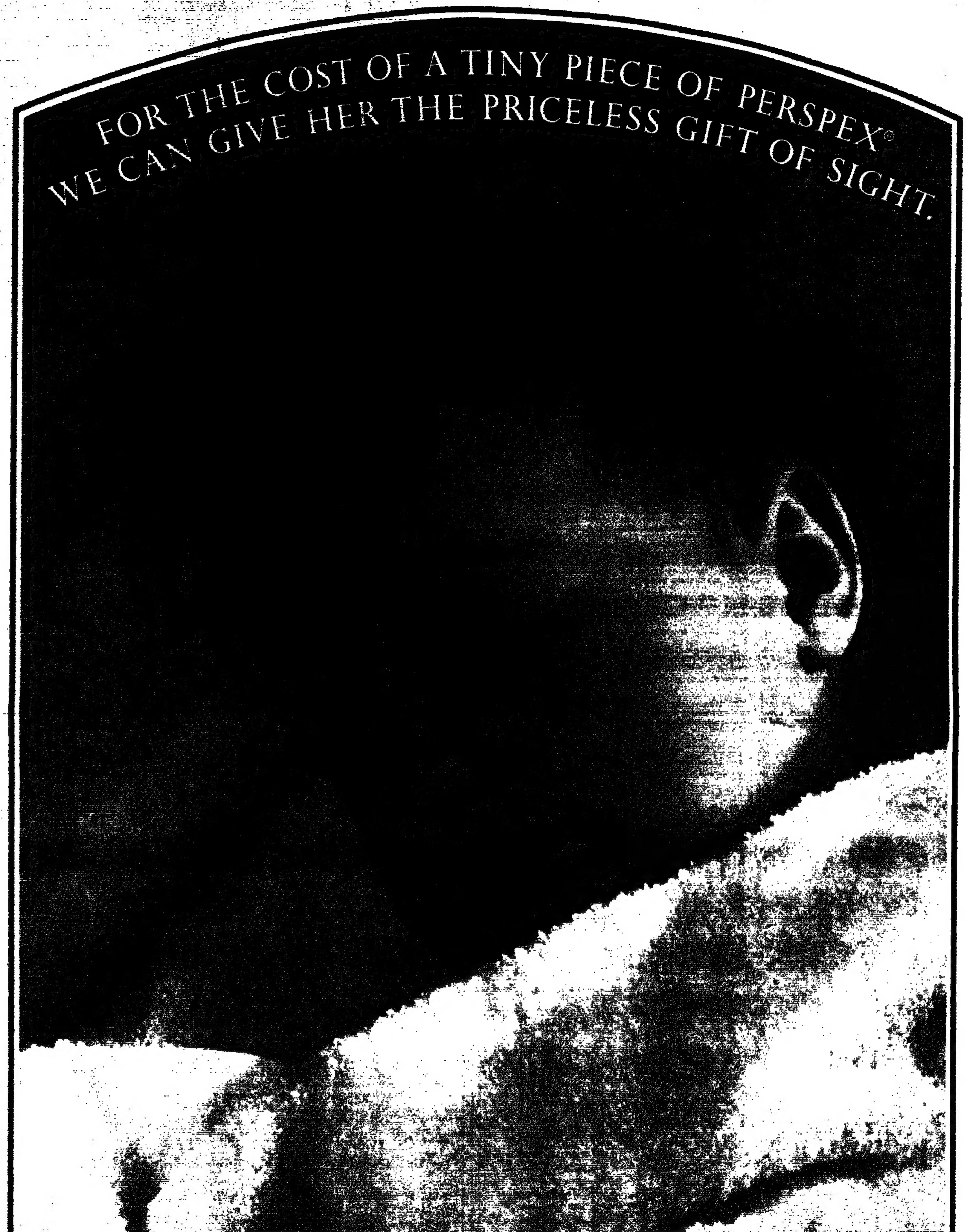
- though banks tend to rush into new areas "rather vigorously," there were few prudential concerns;
- though the credit boom had "considerable and undesirable" macroeconomic effects, high interest rates were addressing the problem;
- social effects were the main concern, the Governor said. "The distress suffered by individuals and their families is obviously a matter of concern for all of us."

The solution lay partly in better education about the impact of credit. But lenders must also exercise more responsibility. "In the Bank's view, credit advertising over the past few years has risked damaging the reputation of lenders in the UK, whatever their size or standing."

Lenders should maintain "rigorous credit assessment that covers not just the statistical risk of loss but the likelihood of the customer damaging his own interests."

The Governor said that increasing savings was another important objective. "Given the prospective increase in the demand for capital brought about by the changes in Central and Eastern Europe, a return to a climate of thrift would bring considerable benefits throughout the world, and specifically might allow investment in the reforming economies to be funded at lower real interest rates."

The savings incentives introduced in this year's budget were very positive but institutions also had an important role to play. "I hope that financial institutions will put the same effort into advertising and marketing savings products as they have into advertising the availability of credit," he added.


FOR THE COST OF A TINY PIECE OF PERSPEX®
WE CAN GIVE HER THE PRICELESS GIFT OF SIGHT.

TECHNOLOGY

Lynton McLain reports on measures to halt the decline in UK engineering graduates

The mechanics of a modern world

"Engineering is the art of directing the Great Sources of Power in Nature for the use and convenience of man."
- Royal Charter of the Institution of Civil Engineers, 1828.

The future of engineering in Europe is exercising some powerful minds as leading universities attempt to reverse current shortages of engineers, halt the decline in interest in engineering and respond to rapidly changing technology.

The growing importance of electronics and information technology has created a dilemma for course planners: how to accommodate the new technologies without losing traditional mechanical engineering. Much of mechanical engineering may have been more relevant in the age of steam power, but the teaching of it in the age of computers is still necessary for understanding how machines work.

The new undergraduate engineering courses planned for introduction in the early 1990s are designed to address these problems. They aim to allow students more time for thinking, problem solving and professional skills, and cut down on less relevant subjects such as thermodynamics and heavy power generation.

Other problems facing engineering professors include the need to increase the quality and quantity of engineers educated in Europe to match competition overseas, especially from Japan, which produces about 64,300 graduate engineers each year, and other Far East nations. The Japanese output of graduate engineers per head of population is two and a half times higher than Britain. One result is that Japan continues to dominate high technology, mass production industries in almost every sector, from electronic consumer goods to cars.

In Britain, the picture is one of a declining manufacturing base, a deficit in trade in manufactured goods and a shortage of qualified engineers. The Confederation of British Industry says that a quarter of UK manufacturing companies questioned in recent surveys were short of engineers, with the activities of many companies constrained by a shortage of skilled people.

Engineers are also in short supply in France. French companies are moving into the UK jobs market in search of British engineering and technology graduates. For the first time, two French recruitment companies, Lafage Coppée and Unilog, are exhibiting at next month's graduate recruitment fair in London, along with the European Patent Office, which is seeking 70 British scientists and technologists.

François Mitterrand, the French President, says France must double its output of engineers from 14,000 a year to between 28,000 and 30,000 a year within four years. France is also tapping a new source of potential graduates by opening universities to technicians.

In Britain during the last decade there was a steady decline in student interest in engineering, with a fall in the number of students who put engineering as their first choice at university. Two exceptions are Cambridge and London, which have no shortage of applicants. Cambridge has at least three times as many applicants as it has places in engineering. Similar figures apply at Imperial College, London.

Yet even these universities are restructuring their undergraduate engineering courses. Imperial College calls its proposed new course "ME2000, an undergraduate engineering course for the next century." It says the course will be a radically new initiative in engineering education, "whose graduates will lead the engineering and other professions in the next century."

The new course is rising from concern that insufficient numbers of able school-leavers are attracted into engineering; that too many who start are demotivated en route; that there is a significant leakage of engineering graduates into non-industrial careers; and, not least, that many graduates are less than ideally equipped to deal with the tasks and roles they must assume once in professional practice.

Imperial is to move away from the traditional emphasis on acquisition of knowledge because "this is no longer the most appropriate emphasis," the college says. Stress will be placed on the competence and skills required of graduate engineers, including analysis, synthesis, problem solving and acquisition of specialist knowledge.

Professor D.J. Ewins, the director of undergraduate studies at Imperial, says: "The knowledge base for mechanical (or any other branch of) engineering is so wide today that it cannot realistically be encompassed in the traditional type of course." What is more, most graduates will need to replenish or revise their specialist knowledge base more than once during their careers.

The course will make greater use of self-instruction and problem-based learning. This will accommodate different rates of learning for different students and widen access to the course for students from several backgrounds.

The most obvious change at Cambridge is the move from a three-year to a four-year engineering course, leading to a master of engineering degree. The four-year masters course falls in line with the recommendations of the Engineering Council, which has approved a new integrated three-year bachelor or four-year masters engineering degree at several other British universities.

The council says the new courses are designed to emphasise the interdisciplinary nature of engineering (and so make graduates more useful in industry) and to make a career in engineering "more accessible and attractive to those with and without all the traditional qualifications."

Professor Jacques Heyman, the head of engineering at Cambridge University, says the new four-year course at "will allow more thinking time in the second year, with more project work in the third and fourth year."

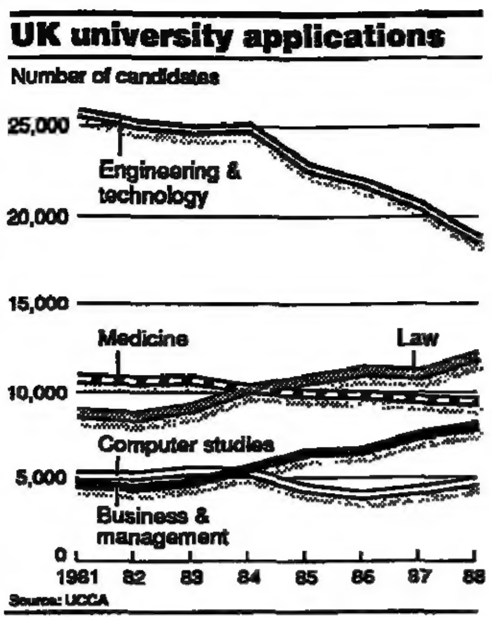
Professor Nick Cumpsty, the professor of aerothermal technology at the Whittle Laboratory, Cambridge says that in surveys of the engineering undergraduates, "the message kept coming back that they could not cope. One result is that the new course will have more optional papers in the second year."

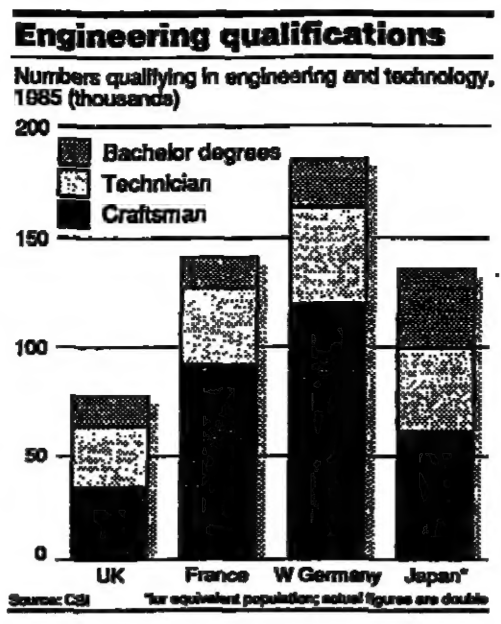
Some of the traditional engineering material to be cut back in order to make room for information technology includes the theory of steam power stations, heavy electrical power generation, applied thermodynamics and the theory of soil pressures. "A few years ago these would have been regarded as essential," Cumpsty says. There will be no teaching of the theory of the old thermionic valves which used to power radios until the advent of the transistor and the silicon chip.

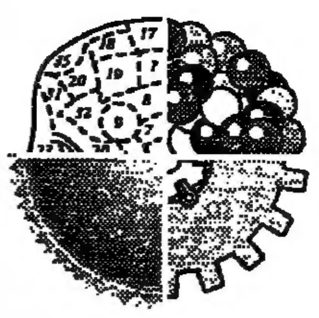
The Cambridge course is aimed at maintaining a broad scientific base on which to construct the principle of engineering analysis and design. The four-year course will also help the Cambridge engineering department to make up for the lack of preparedness of future undergraduates, who will leave school with less mathematics, mechanics and physics at A Level than in the past, because of changes in the school curriculum.

An aim of the new Cambridge course was to prepare students for participation elsewhere in Europe, where many countries, including France, do not recognise the traditional three-year British engineering courses; Germany for example has a five-year course. Also, students from the four-year Cambridge course will be only one year away from reaching chartered engineer status. Under EC rules this is to be a mandatory requirement for all European engineers.

As if to emphasise the change of old engineering for new, Cambridge rejected an early internal suggestion that the Master of Engineering graduation gown should be gun metal grey. The colour chosen was gold.







WORTH WATCHING

by Della Bradshaw

Makeover for an unsightly dish

AS the controversy about the ugliness of satellite television dishes continues, manufacturers are considering ways of making dishes less obtrusive.

● Tabstrong, of London, has announced "Doublevision", one dish to pick up both Astra and BSB signals without moving, writes Jeffrey Davy.

The 63cm diamond-shaped dish is made of sheet-moulded plastic. The system has two low-noise blockdown convertors (LNBs), the equipment which picks up the satellite signals, but only one protruding feed arm to take the signals down to the television set. Because the two LNBs are fixed, the dish needs to face due south to pick up the signals. Consumers still need two receivers, the boxes which sit on the television set.

The standard Tabstrong dish is dull grey, but can be supplied in many colours and will cost around £400 when it goes on sale in August.

● The ultimate answer to hiding the unsightly dish is not to screw it to the house wall but to install it in the loft.

Klober Plastics, of Upper Langford, Avon, is promoting its acrylic skylights as a means of doing this. Acrylic, says the company, does not interfere with the television signals, unlike glass which contains lead.

Optical storage keeps its form

ONE of the problems with storing huge numbers of documents electronically in their original format is knowing how to find the right one when you want to look at it.

A UK company has developed a way of scanning documents into a computer system — holding an exact replica of the form or letter on an optical disc — while memorising all the individual words so that a document can be recalled using a series of key words, as with a database.

The R/Kyv software, developed by Ymijs, of Ilford, is intended for companies with large numbers of archive documents, such as lawyers or insurance companies.

The software uses compression and artificial intelligence to cut down on the amount of optical storage needed. With a standard form, such as a tax return, the system does not store information about the form, only the data on it. When the document is displayed, the outline form is reinstated.

Coat suspended in mid-air

MAKING soap powder into granules or coating vulnerable agricultural seeds with disease-resistant chemicals are just two of the uses for a Swedish encapsulation process developed initially for the drug industry.

The process does away with the need for environmentally-dangerous solvents by suspending the melted coating in a mist inside a chamber. Because of the speed at which the active ingredient is fed through the mist, developers Lejus Medical, of Gothenburg, say it is ideal for products which suffer if subjected to heat.

By adjusting the setting of the machine a glue-like substance can be held in the curtain of droplets, and used for sticking granules together.

Watching out for messages

RESIDENTS of Portland, Oregan are the first recipients of a service reminiscent of Star Trek or Flash Gordan — the wristwatch pager.

Eventually the service could be worldwide, with watch-wearers in the US being bleeped by business colleagues in Europe or Japan.

The service, operated by AT&E, of San Francisco, uses a sub-band of the VHF signals used by commercial radio stations to transmit messages. The wristwatch, which was developed by Seiko, of Japan, is about the size of a diver's watch.

When the bleeper recognises its personalised message winging across the airwaves the liquid crystal face displays the words or digits.

The skill of the watch is that it can scan through all the VHF sub-bands until it finds the one used for the transmission. That means the same watch could be used in any of the countries where AT&E plans to offer a service — initially Germany, the UK, France, Sweden and Japan as well as the US.

Always ready for a closer look

A POCKET microscope, just 105mm in diameter, promises to revolutionise the analysis of samples in the field as well as the laboratory.

The squat, circular instrument, developed by Science of Cambridge, uses a folded mirror optical system to magnify the specimens, with the picture zig-zagging backwards and forwards inside the case as it is magnified.

A flip-up articulated lighting arm means items which are placed on the stage in the centre of the disk can be illuminated either from above (if on a glass slide) or below, with the light source fed into the body of the instrument.

Stress and strain take a back seat

TO most people a chair is just a chair. To Pending Systems, of West Germany, it is a biodynamic tool for healthy living.

The Pending range of chairs was developed by an ex-engineer who specialised in suspension bridges. That is clear from the design, as the seat sits in a metal cradle instead of on a central support.

The cradle allows the seat to move continuously in three dimensions with the slightest movement of the body. This constant shift of weight and pressure, says Project Developments, which is marketing the range in the UK and US, does away with many of the stresses and strains which occur when sitting on a rigid chair. They even claim that sitting all day in one gives you the equivalent exercise to a brisk 2km walk.

Contacts: Tabstrong: UK, 071 978 5077. Klober: UK, 0934 853224. Ymijs: UK, 081 518 1414. Lejus: Sweden, 31 27 21 00. AT&E: US, 415 851 1500. Science of Cambridge: UK, 0480 87452. Pending: West Germany, 92 31 77 66. Project Developments: UK, 061 825 2881.

MANAGEMENT

Maintenance strategies

A low priority means higher costs

Charles Leadbeater on the unnecessary expense of keeping technologically advanced equipment operational

One of the main tasks for manufacturing companies in the 1980s was to install new technology to make production more efficient. In the next decade one of the main tasks will be to sort out how to maintain all the capital equipment which has been installed.

That is the main conclusion of a report carried out for the European Commission on the maintenance strategies of European companies. It estimates that there are more than 250,000 computer numerically-controlled machines at work in the EC and more than 30,000 robots. Ten years ago these figures were in their low thousands.

However, the report warns: "Most companies have failed to develop maintenance strategies for their factories in line with their investment in advanced manufacturing technology. The result is that maintenance practices lag behind the advances in technology."

The cost of that lag is considerable. The report, by Peter Wilmott at the March consulting group, estimates that between 3.5 and 5 per cent of sales value is spent on maintenance.

The sales value of the EC's industrial sectors is well in excess of 2,000bn Ecus. On that basis the Community is spending between 70bn and 100bn Ecus a year to maintain its manufacturing assets.

Using a study of maintenance in the UK, the report estimates that maintenance costs could be reduced by at least 8 per cent and companies would benefit by a similar amount through extra output from making their plant fully available for production. The gains for EC industry would amount to 11bn Ecus, the report calculates.

Why is so much money being wasted through poorly planned maintenance and how could the situation be improved?

One reason is that company cost structures are still designed as if factories were operating in the 1960s, according to Mike Jeans, a partner with KPMG Peat Marwick McLintock, the management consultancy.

Jeans says companies still assess their costs as if labour productivity and costs were more important than capital productivity.

Their cost accounting is still geared to narrow ranges of products with long life-cycles, rather than more diversified ranges with much shorter life-cycles.

Fixed capital costs and technology are becoming a much more important component of a product's final costs than labour or even materials, he says. Companies have not yet reoriented themselves to take account of the changes in their cost structures.

The March study says few companies have a strategy for maintenance. Maintenance is rarely considered at board level. Most companies do not know the cost of downtime, either in direct maintenance costs or lost sales opportunities.

Only a minority have thought through a reasonable machine availability target against which to assess the viability of their strategies.

However, time is running out for companies without a coherent strategy. In the past the lack of an effective approach could be disguised by relying on buffer stocks, using extra overtime, bringing in spare capacity or calling in sub-contractors. But with just-in-time systems the safety valve of a buffer stock of finished products is becoming slimmer.

When machines were working largely on their own they could be replaced by bringing in spare capacity. Now, however, computer-controlled machines are being integrated more and with an integrated manufacturing cell, the failure of a single machine can disable an entire cell.

The report says: "There are signs of a gradual realisation that the competitive advantage obtained from expensive and complex machines and systems is only as good as that company's ability to ensure maximum availability of the manufacturing process."

A March survey of 79 UK manufacturing sites owned by 68 companies found that 90 per cent of companies had reduced maintenance costs significantly in the past five years. More than half had formalised clearer lines of responsibility by appointing maintenance managers. Maintenance has been the subject of a lot of heated debate and feverish activity.

Companies are taking steps to control maintenance costs, with 46 per cent using a computer-based production planning system and 39 per cent planning to introduce one.

About half the companies use some form of condition monitoring such as vibration or oil/debris analysis. Computer control has opened the way for statistical process control to play a role in monitoring equipment deficiencies. Yet only 12 per cent of companies use some form of computerised condition monitoring. In the main they rely on manual readings.

Maintenance sub-contractors have become much more common as companies have cut costs, with about 88 per cent of companies using them. Significantly 71 per cent say this is because the subcontractor provides a specialist skill, while only 48 per cent say it is to cover peaks in demand.

However, only 52 per cent of companies monitored the costs of individual machines in terms of downtime and maintenance. In virtually every company managers could not readily produce annual maintenance costs.

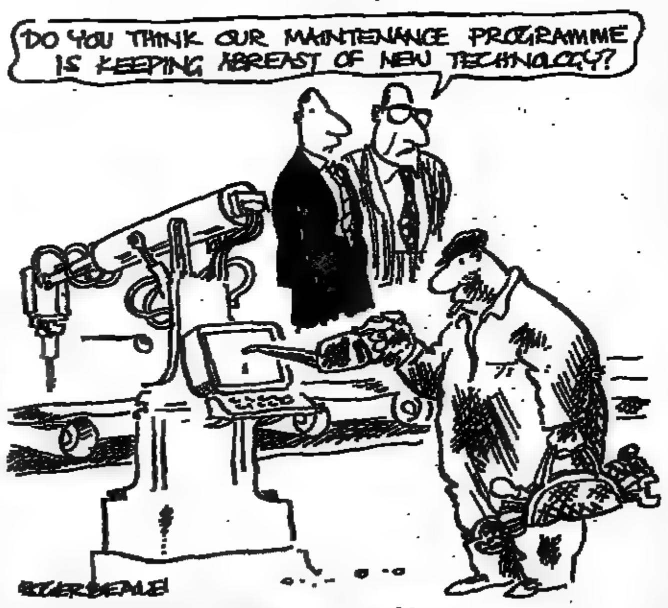
The survey's main conclusion is that maintenance is given a low priority in corporate strategy and even in production planning. Few companies have coherent approaches to maintenance set by the board, with clear targets and the monitoring technology to match the production technology.

In the UK report commissioned by the Department of Trade and Industry, Wilmott recommends four main areas for improvement.

- Products and machines should be designed with reliability more in mind, particularly by installing self-diagnostic capabilities which will locate faulty electronics.
- The development of lower cost high reliability sensors and sensor communication systems should hasten the spread of technologies which help to predict maintenance problems.
- Total quality management should be matched by total productivity maintenance as a management philosophy. High quality targets should be matched by high targets for machine availability.
- The development of computerised expert systems to help small companies make the most efficient use of complex machinery.

Despite their best efforts to date – including investing in training, reforming working practices and clarifying managerial responsibility – the UK report concludes that most companies have a long way to go. It says: "Mediocrity prevails when most companies' maintenance strategies are put under the microscope."

Managing maintenance into the 1990s. Report Digest is available from the Department of Trade and Industry, Manufacturing Technology division, 1 Victoria Street, London SW1 or the March Consulting Group, March House, 18 Park Street, Windsor SL4 1LU.



Management abstracts

Listening to clients. *D H Maister in Business Quarterly (Canada), Spring 89 (4 pages)*

Contends that, for professional service firms, competitive advantage can be achieved by understanding client needs better than does the competition; suggests that this understanding is best obtained by listening to clients on an on-going basis through a structured programme of information gathering, analysis and action. Spells out methods of listening, such as user groups, market research and senior partner visits, and looks at the use of questionnaires.

Overcome the "me too" product syndrome. *C L Kane in The Journal of Business Strategy (US), Mar/Apr 89 (3 pages)*

Believes that the task of developing truly distinguishable products that avoid falling into the "me too" trap is becoming increasingly difficult; identifies the reasons: the sheer volume of products coming onto the market, and marketers' reliance on existing behavioural data about consumers which is not specific to particular product categories. Reports the development of a new segmentation technique which categorises consumers by level of self-esteem (and which does not correlate to demographic data or income level), and links it with consumer attitudes. Explains how such segmentation was used in two research studies in the wine and spirits and frozen cakes markets.

Spin-offs: what are the gains? *C Y Woo + others in The Journal of Business Strategy (US), Mar/Apr 89 (4 pages)*

Argues that when a company voluntarily spins off one of its divisions, the result may not always be positive in performance terms; US evidence shows that, of recent spin-offs, only half gained in real sales growth, return on sales and return on assets. Seeks reasons for the low rate of success – basically because spin-offs are often executed to benefit the corporate parent, not the subsidiary. Identifies factors associated with successful spin-offs (eg size; small spin-offs do better), and their implications for strategic planners.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £1 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

Pilots needed to steer the passport process

Hazel Duffy reports on possible reorganisation of a civil service area of responsibility

Lengthening queues outside passport offices in the UK have been a regular feature of recent summers.

Last year, the tempers of the public soared with the temperatures. The Glasgow passport office was taking three months to process an application.

The Passport Office, which is part of the Home Office, has found itself the subject of at least four official studies recently. The National Audit Office, Coopers and Lybrand, and a government team looking at what needs to be done to enable a delegated system of management to be put in place, have all reported in the past year or so.

Now, a so-far unpublished study by a joint Treasury/Home Office team is being discussed by the civil service and the trade unions. It concentrates on the way that labour is managed - or, rather, not managed - in the passport offices.

Some of its findings have more widespread significance for the civil service as it evolves towards a more managed organisation. Many of the problems are common to old-fashioned, hierarchical, clerical-intensive public sector operations.

The passport offices are set up like a production line. (Belfast is an exception.) But they are "simply too big to be run effectively in this way," says the study team. Management of the production process is "unfocused and fragmented".

For example, it is only at a fairly senior level – Grade 7 and senior executive officer – that anybody can be found who has control of the operation.

But these people, says the study, are too remote, because of their seniority, to exercise effective day-to-day control.

Below this level, management control and accountability tends to be weak. The middle managers are responsible for discrete functions within the production process. They do not see the whole picture, so management at this level is "invariably reactive".

One possible solution is to borrow an example from industry. If work on the factory floor can be made more interesting by substituting small work teams for the monotony of the assembly line, why not set up similarly small units, which identify more with the whole task rather than being a cog in the repetitive process?

Teams of 40-50 staff are suggested; smaller pilot teams have been working on these lines in some passport offices for the past year, but these have been found to be particularly vulnerable to absenteeism. Work enhancement would be one benefit. Another is that the managers of the teams would be made more accountable for the whole process, and not just bits of it.

The main clerical unions are studying the proposals; they are suspicious that there will be any real benefits for their members. In their view, cost-saving has dominated the civil service. The Passport Office is a classic example of labour resources stretched beyond the maximum, alleviated only by temporary top-ups.

Computerisation in some passport offices has not been handled well - a situation which is all too familiar in several parts of the civil service.

In the longer term, the unions fear that the six main issuing offices will be broken up into many smaller ones, thereby diluting their power.

This report, however, reveals that the core of the current problem is poor managerial organisation of the labour force.

It is true that the public sector cannot just take a leaf out of manufacturing industry's book. It is not that simple.

The car producer can concentrate on finding the most efficient method of manufacturing. But the Passport Office has a sort of policing responsibility as well.

It has to be on the look-out for fraudulent passport applications every time it processes an application form. That involves a judgment on the allocation of resources not dissimilar from that which has to be made by managers in the Home Office's immigration department.

One significant statistic in the study is that 38 per cent of applications are not complete; they are without supporting documents, for instance, or the form is not filled in properly.

These applications – all 1.2m of them – go through the post-opening, cashiering and data entry stages before they are identified as being defective, thus clogging up a system which is highly vulnerable to delays as soon as the peak holiday season looms into view.

There have to be two solutions to the problem: a system that picks up the defective forms much earlier, and a simpler application form.

The study warns that if the Passport Office does not become more efficient, the price of passports will have to go up. This will be the price to pay for new equipment introduced into the current office set-ups. But this would be to ignore the real problem.

١٩

THE PROPERTY MARKET

Holes in Manhattan's heart

By Alan Friedman

The New York commercial real estate market, as just about every property developer and agent except for Mr Donald Trump seems prepared to admit, is going through its softest period since the mid-1970s.

The hapless Mr Trump, whose cash crunch and debt burden-related problems were on display this week, has been engaged in last-minute haggling with his bankers over a $2bn debt rescheduling package.

Mr Trump also had the dubious distinction of making this week's cover of the US edition of Newsweek magazine. The headline proclaimed: "TRUMP: The Fall". Inside, Newsweek recalled an earlier quote from the owner of The Plaza, The Taj Mahal Casino in Atlantic City and the loss-making Trump Shuttle. "The 1990s," Mr T was quoted as saying, "sure aren't like the 1980s." Indeed.

Mr Trump's truism could be the mating call of Manhattan office space agents these days, as a look at the level of vacancies in prime areas such as the downtown financial district and the midtown area shows.

For example, by the end of last month the office vacancy rate in midtown was 16.2 per cent, more than three points above the level of two years ago and a full 10 per cent higher than the vacancy rate in 1986. The New York office vacancy rate is still lower than the national average of about 19 per cent, but the conventional wisdom is that New York has not yet bottomed out.

Ms Sharon Meyers, a property analyst at Salomon Brothers, says: "I see New York as becoming one of the weakest markets in the US." The vacancy rate in Manhattan office buildings could top 20 per cent over the next two years, she adds. "Boston is already in a recession and New York is close on its heels."

Ms Terese Byrne, another Salomon Brothers analyst, notes that several factors are causing the market to continue to weaken. These include the effect of the exodus of corporate giants such as Mobil, JC Penney and Exxon, the tightening of bank lending practices for property development and the loss of 30,000 Wall Street jobs over the past two years, including recent lay-offs at collapsed Drexel Burnham Lambert and at restructured Shearson Lehman Hutton. Then there is also a bit of good old-fashioned fear on the part of investors. "We have institutions that are very, very scared about investing in New York real estate," says Ms Byrne.

Commercial property rental and leasing prices are generally reckoned to have declined by 10 to 15 per cent over the past 18 months, with speculation about the future revolving round a further 10 per cent drop. Square footage prices may not reflect the decline, however, because each deal is individually bargained and the discounts often come in periods of free rent or renovation work that is offered to the prospective tenant.

In addition, while it is generally accurate to speak of a slump in New York real estate – as defined by an excess of supply and declining prices – the Manhattan commercial property market cannot and should not be thought of in monolithic terms. Different developers divide Manhattan into different sub-markets, but the one thing all appear to agree on is that the Upper West Side is suffering from a glut of recently completed residential and commercial properties that are attracting nothing like the demand needed to make them economic. The property operators also concur that the market is holding up in top-quality East Side locations, and especially in the "Plaza district" that runs between Fifth Avenue and Park Avenue from 49th up to 59th Street.

Mr Simon Shane is a British-born, Bermuda-based New York real estate developer currently in a partnership with Heron International plc of the UK to develop the $90m, 25-storey Heron Tower II, the only East Side midtown office project to have begun in 1990.

Mr Shane says the West Side's woes stem from a series of tax and zoning incentives given by the administration of former Mayor Ed Koch in the 1980s. These helped propel an unprecedented wave of new projects, particularly in the past three years. Any improvement on the West Side or in the depressed downtown Wall Street area is, Mr Shane predicts, at least a year away.

Like other developers, however, Mr Shane defends the feasibility of select East Side office projects. The logic behind the Heron Tower II project (completion is set for 1992) and other East Side buildings with "small-plate" (smaller-than-normal floor plans) floor space, says that "international tenants" (non-Americans) will always pay premium prices for "white glove" (deluxe) services in exclusive office buildings that are used for prestige "front office" purposes in prime locations. Mr Shane defines such projects as offering a uniformed concierge, an "investment banking level" of security, ultra-modern heating and ventilation systems, 24-hour access, total privacy and a luxury office environment.

Mr Geoffrey Wilson, chairman of Greycoat plc, the UK property company, offers a similar explanation of why he is optimistic about prospects for an $80m 23-storey joint venture with McAlpine and Lynton at 546 Fifth Avenue. He says half of the expressions of interest from tenants, at $50 a square foot, are coming from the mythical "international tenant". Mr Wilson agrees that the Manhattan market is clearly soft, but points out that not all is lost for those who "choose individual projects with great care".

Yet another forecast of West Side woes and East Side profitability comes from Mr Barry Gosin, president of Newmark & Company, a leading development, brokerage and consulting firm in the Manhattan office market. Mr Gosin also argues that Japanese, Swedish, Korean and other foreign companies and banks are continuing to arrive and are seeking prime space on the East Side midtown market.

As for the less attractive locations, mainly downtown and the West Side, he says prices could drop another 5 to 10 per cent this year and vacancy rates will almost certainly climb. Mr Gosin stresses that deals are still being done in the office market, but increasingly to the advantage of the tenant.

It is hard to say whether there will be as steady a supply of foreign corporate tenants as the more optimistic – and more project-committed – developers would like to believe. One analyst noted that when looking at the London office market recently, she was also told that foreign tenants would offer salvation.

The most bearish property watchers reckon that New York is about 18 months into a negative cycle, with a further 12 months of rising supply and declining prices still to come, to be followed by a final 12 months of stasis before things begin to look up again. There are no optimists, only bottom fishers and a few contrarians or niche specialists. And then, on the pop front, there is always Mr Trump.

Manhattan market: Commercial vacancy rates (%)

	May 1990	May 1988	May 1986
Midtown	16.2	12.9	8.2
Downtown	16.8	13.3	11.9

Source: Cushman & Wakefield

Manhattan skyline: on the ground, the level of vacancies in the downtown and midtown areas is causing concern

FT LAW REPORTS

Administrator sells for fair value

IN RE CHARNLEY DAVIES LTD
Chancery Division: Mr Justice Millett: May 25 1990

AN INSOLVENCY administrator who takes reasonable care to obtain the best price for the company's business as a going concern is not in breach of duty to the company if he does so without first consulting creditors whose knowledge and expertise could affect the time-scale for the sale and its success. Also, a claim based on negligent sale of assets at undervalue requires proof of unlawful conduct, not unfairly prejudicial management, and should be brought under section 212 of the Insolvency Act which relates to negligent administrators, not section 27 which relates to unfair prejudice to the interests of creditors and members.

Mr Justice Millett so held when dismissing a petition by 11 creditors of Charnley Davies Ltd for relief under section 27 of the Insolvency Act 1986 against the company's administrator, Mr A.J. Richmond.

HIS LORDSHIP said that the company carried on an insurance broking business. It was one of 17 in the Charnley Davies Group which collapsed in January 1987.

On January 16 1987 Mr Richmond was appointed administrator of the company, and other companies within the group.

The purposes for which the administration order was made were those set out in section 8(3) of the Insolvency Act 1986 - (a) survival of the company as a going concern, and (b) a more advantageous realisation of assets than would be effected on a winding up.

Immediately after the order was made, Mr Richmond placed an advertisement with the Financial Times announcing that individual businesses within the group were for sale.

Brokers employed by the company were interested in acquiring various parts of the business. They threatened to walk out and take clients with them if their offers were not accepted.

Mr Richmond stalled for time. He succeeded in averting a walk-out by brokers which would have seriously damaged his prospects of selling the company's business. He needed to service clients until the business could be sold.

He concluded there was no prospect of the company being able to continue trading after the end of January, and that any sale would have to be completed before then. The chief reason was lack of money to pay wages, due on January 31.

On January 19 Mr Richmond met about 20 major insurance companies.

He told them he would be applying to the court for directions. Unfortunately they assumed he would not dispose of the business without first consulting them.

On January 21 Mr Richmond applied to the court for directions. It confirmed counsel's advice that he could sell the entire undertaking in advance of the section 23 creditors' meeting. On January 22 he told employees that if a deal went through it would be a term of the sale that January salaries would be paid by the purchaser.

On January 24 Mr Richmond told those who had expressed an interest in buying thatthe value of the business was at risk and was diminishing, and thatoffers must be submitted by 12 noon January 27. By expiry of the deadline no offers had been received, except those supported by the company's own brokers. Mr Richmond decided to accept them.

He received a post-deadline expression of interest and an offer which he decided not to pursue because they contemplated deferred purchase; were not sufficiently attractive; and to delay negotiations with the brokers at this late stage would risk losing them.

On January 28 and 29 Mr Richmond exchanged contracts for immediate sale of the company's businesses. He obtained £50,000 for goodwill, and £7,500 for furniture and equipment. It was far below what the major insurance companies had been expecting, but it enabled Mr Richmond to discharge his obligations to employees and provide funds to enable a liquidator to pay preferential creditors in full.

The 11 creditors now petitioned, in form, under section 27 of the Insolvency Act 1986, alleging that the company's affairs had been managed by Mr Richmond as administrator in a manner which was unfairly prejudicial to them. In substance the petition was an action for professional negligence. The petitioners alleged that in breach of duty to the company Mr Richmond failed to take reasonable care to obtain a proper price for its business and sold it at gross undervalue. He denied liability and contended the claim could not properly be brought under section 27.

Mr Oliver for the petitioners submitted that Mr Richmond was negligent in failing to enlist the petitioners' support, not because they were creditors, but because as leading insurance companies they had relevant knowledge and expertise and their attitude could have affected the time and success of the sale. The case was one of professional negligence *simpliciter*.

It was common ground that an administrator owed a duty to the company to take reasonable steps to obtain a proper price for its assets. That was an obligation which the law imposed on anyone with a power, contractual or statutory, to sell property which did not belong to him.

His duty was "to take reasonable care to obtain the best price that the circumstances permit" (*Standard Chartered Bank [1982] 1 WLR 1411*). That meant the best price that circumstances, as the administrator reasonably perceived them, permitted. He was not to be made liable because his perception was wrong, unless it was unreasonable.

The claimant must establish that he had made an error which a reasonable skilled and careful insolvency practitioner would have made.

None of that was in dispute.

The petitioners' main charge was that Mr Richmond disposed of the business with undue haste and in accordance with a self-imposed and unreasonable deadline.

That was rejected. The timescale was set by circumstances. Mr Richmond had no money to pay wages. His judgment could not be faulted.

Mr Oliver suggested he should have bought time by borrowing.

In Mr Richmond's own words, it would have been a "lousy deal" for the bank. He could not properly be criticised for failing to request finance which, as a responsible insolvency practitioner, he could not recommend to the bank.

Mr Richmond did not act negligently or with undue haste in selling the businesses when he did, nor in the manner in which he conducted the sale. Nor was it established that he realised less than fair value. With regard to the post-deadline inquiries, he treated each case on its merits and could not fairly be criticised for following the old adage about a bird in the hand. He had a judgment to make. There was no basis for concluding that he made it negligently.

The court was satisfied that the price he achieved was the best price that could reasonably be obtained in the circumstances.

The remaining question was whether a sale of assets by administrators at negligent undervalue was sufficient, without more, to establish a claim to relief under section 27 on the ground of unfair prejudice to the "interests" of creditors.

It was not.

"Interests" was wider than "rights" (see *Re a Company [1986] 2 BCC 99,029*). An allegation that acts complained of were unlawful or infringed the petitioners' legal rights was not a necessary averment in a section 27 petition. Nor was it a sufficient averment.

The petitioner must allege and prove the acts were evidence of management in a manner which was unfairly prejudicial to his interests. Unlawful conductwas not the essential factor on which the petitioner's cause of action depended.

If the whole gist of the complaint lay in unlawfulness, the complaint was one of misconduct *simpliciter*, and there was no need to assume the burden of proving unfairly prejudicial management. If unlawfulness was not the whole gist of the complaint it was necessary to assume that burden, but not to establish unlawfulness.

The proper course in the present case was to have the administration order discharged, the company put into compulsory liquidation, a liquidator appointed, and the claim brought back against Mr Richmond by the liquidator under section 212 of the Act.

The petition was dismissed.

For the petitioners: David Oliver QC and Matthew Collings (Kingsford Stacey)
For Mr Richmond: Michael Crystal QC, Richard Adkins and Mark Phillips (Simpson Curtis, Leeds).

Rachel Davies
Barrister

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
15	16	17	18	19	20	21

OPERA AND BALLET

London

Royal Opera, Covent Garden. The triumphant new production by Bill Bryden of Janacek's *Cunning Little Vixen* is conducted by Simon Rattle. Latest round of the company's much-revived La Bohème production by John Copley; Antonio Pappano (house debut) conducts, and principals include Ilona Tokody, Jerry Hadley, Jonathan Summers, Barseg Tumanyan, and Judith Howarth.
English National Opera, Coliseum. No performances until August.

Paris

Chatelet. Handel's *Alcina* inspired by *Orlando Furioso*, conducted by William Christie with Arleen Auger in the title role is co-produced by the Grand Théâtre de Genève and the Ensemble Orchestral de Paris (40282840).
Opéra. The Taylor-Cunningham-Morris programme is followed by *La Sylphide* in Pierre Lacotte's choreography (47425371).
Théâtre de la Ville. Josef Nadj is followed by Anne Teresa de Keersmaeker's *Stella* (42742277).

Brussels

Théâtre Royal de la Monnaie. *Richard Strauss's Der Rosenkavalier* performed by the Monnaie opera conducted by Emil Tchakarov, sets by Carlo Tommasi, staged by Gilbert Deflo.

Liège

Théâtre Royal. The Royal Wallonia opera in Puccini's *Manon Lescaut*, staged by Pierre Fleta with Jules Bastin, Daniel Munoz, Danuta Salska, Marcel Vanaud.

Berlin

Opera. *Der Feuervogel/Le Sacré du Printemps/Bolero* are all choreographed by Maurice Béjart. *Don Giovanni* has a newcast led by Angela Denning, Stefan Margita, Mariette Kemmer, and conducted by Heinrich Hoellreiser. A Lieder recital by two famous bass singers Kurt Moll and Harald Stamm singing Mendelssohn, Anton Rubinstein, Dvorak, Ravel, Shostakovich, Mattiesan and Schubert. *La Bohème* is sung by Kallen Esperian, Gwendolyn Bradley, Antonio Ordonez and Andreas Schmidt. Also *Der Barbier von Sevilla* and a Kaja Borris Lieder recital.

Hamburg

Opera. The Brecht/Weill opera *Aufstieg und Fall der Stadt Mahagonny* has a strong cast led by Ning Liang/Renate Spingler, William Pell, Eva Gilhofer, Oskar Puergstaller /Piotr Czajkowski and Toni Blankenheim.

Frankfurt

Opera. The successful *La Clemenza di Tito* production convinces thanks to Alicia Nafe, Ana Pusar and Keith Lewis. Also offered *Il Barbiere di Siviglia*.

Cologne

Opera. Jean Pierre Ponnelle's wonderful *Die Hochzeit des Figaro* features Ashley Putnam, Teresa Ringholz, Alessandro Corbelli and Martin Finke. *Die verkaufte Braut* is a well done repertoire performance.

Bonn

Opera. *Macbeth* stars Elizabeth Connell, Piero Capuccilli, Francesco Ellero d'Artegna and is excellently conducted by Gianfranco Masini. The lively *Barbier von Sevilla* production by Willy Decker is of respectable standard.

Munich

Opera. Rossini's rarely played *Mose* is sung by Cornelia Wulkopf, Doris Soffel, Alejandro Ramirez and Manfred Schenk. *Rigoletto* has a first-rate cast led by Daphne Evangelatos, Mariella Devia, Leo Nucci and Kurt Moll. *Onegin* has John Cranko choreography. *Die Jungfrau von Orleans* stars Waltruad Meier, Julia Conwell, John Broecheler and Theo Adam.

Stuttgart

Opera. Three operas by Philip Glass, *Einstein on the Beach*, *Satyagraha* and *Achnaton*. The latter, specially composed for the Stuttgart Opera, is a deliberate break from the American tradition, not only in its choice of young Egyptian Pharaoh as main figure, but also in the corresponding use of African and Asian musical forms. The title role is excellently sung by counter-tenor Paul Esswood. Also in repertory: *Falstaff* and *Figaros Hochzeit*.

Barcelona

Gran Teatre del Liceu. *Les Contes d' Hoffmann* by Offenbach, conducted by Eugene Kohn, and featuring Neil Shicoff, Jose van Dam and Ruth Welting closes the season at the Liceu. Ends July 5 (318 92 77).

Milan

Teatro Alla Scala. Last opera this season is a slightly sinister rendering of Tchaikovsky's *Queen of Spades* by the Russian/American cinema director Andrej Koncialovsky set in a twilight 18th century, designed by Ezio Frigerio and conducted by Seiji Osawa. Also a repeat of *La Traviata*, conducted by Riccardo Muti, with the young Tiziana Fabbricini as Violetta (80.91.26).

Rome

Teatro Valle. The Teatro dell'Opera opens its summer season here with Paisiello's *Don Chisciotte*, in Pino Micol's production with sets and costumes by the painter Ugo Nespolo. Conducted by Gail Gilgor (654.8704).

Florence

Teatro Verdi. British director Graham Vick's newproduction of the Brecht/Weill opera, *Mahagonny* (sung in German with Italian surtitles), with Luciano Berio as co-ordinator of the project and Jan Latham Koenig conducting. (2779236).
Teatro Della Pergola. Jonathan Miller's new production of Mozart's *Don Giovanni*, designed by Bob Israel, with Samuel Ramey in the title role, Katia Ricciarelli as Donna Anna, Daniela Dessi as Donna Elvira, and Adelina Scarabelli Zerlina. Zubin Mehta conducts (2479651).
Teatro Comunale. Luciano Pavarotti in Giuliano Montaldo's production of Verdi's *Il Trovatore* conducted by Zubin Mehta (2779236).

Venice

Teatro la Fenice. A romantic and highly successful production by Pier Luigi Pizzi of Wagner's *Lohengrin*, conducted by Christian Theilemann, with Francisco Araiza in the title role (5210161).

New York

Metropolitan Opera. *La Traviata* conducted by Christian Badea is performed free in Central Park with Marilyn Mims as Violetta, Alfredo Kraus as Alfredo and Sherrill Milnes as Germont (Tue).
American Ballet Theatre. The 50th anniversary season consists this week of *Swan Lake* with additional choreography by Mikhail Baryshnikov. Season ends June 30. Opera House at Lincoln Center (362 6000).
New York City Ballet. The conclusion of the festival of Jerome Robbins's ballets is part of a week that also includes *Watermill, Who Cares?* and *Moves*. Season ends July 1. New York State Opera House, Lincoln Center (870 5570).

Chicago

Lyric Opera Company presents the first revival of Hugo Weisgall's opera *Six Characters in Search of an Author*, based on the Pirandello play with a cast of 34 including soprano Elizabeth Byrne, tenor Kevin Anderson and baritone Robert Orth (Thur). Civic Theatre (332 2244).

Tokyo

Ballets Trockadero de Monte Carlo. The all-male company in their endearing send-up of the classical tradition. Nakano Sun Plaza (380 9999). Ends Wednesday.

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).
Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is musically interesting and well directed by Trevor Nunn. A cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).
Shadowlands (Queen's). Weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Hawthorne and Jane Lapotaire into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb (734 1166/439 3849).
The Wild Duck (Phoenix). Peter Hall's revival of Ibsen's tragicomedy champions the great Norwegian's humorous potential. Alex Jennings, David Threlfall and Nichola McAuliffe head the cast (071 240 9661).
Absurd Person Singular (Whitehall). Robust revival of early Ayckbourn comedy, directed by the master himself, about *three couples in three kitchens* over three Christmases. (071 867 1119).
Henry IV (Wyndham's). Pirandello's *cat's cradle of fantasy* and reality, identity and time in a production by Val May, the sobriety of which belies its pre-*production hijinks*. Sarah Miles left the cast, but Richard Harris stayed to give a star performance as the nobleman who thinks he *is an 11th century king* (071 867 1116).
Vanilla (Lyric). Heavy-handed satire on New York super-rich *and US-backed overseas dictator*ships, directed by Harold Pinter, with a cast including Sian Phillips, Joanna Lumley and Gwen Humble, who do New York writer Jane Stanton Hitchcock prouder than she strictly deserves (071 437 3686).

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast *in Howard Davies' production*.
Grapes of Wrath (Cort). The Steppenwolf company's interpretation of the Steinbeck epic novel brings alive the 1930s in its squalour as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaptation.
Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s. (239 6200).
Gypsy (St James). This 30th anniversary production more than revives a rich, vivid musical. (246 0102).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film in an elegant, but somewhat random setting (246 0102).
Sweeney Todd (Circle in the Square). An intimate production *of the Sondheim-Wheeler* musical emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).
Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this *compendium of Robbins'* directed and choreographed plays of the past 40 years, including *On the Town, West Side Story* and *Gypsy*.
Cats (Winter Garden). Still a sell-out. Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Starlight Express. Andrew Lloyd Webber's roller-skating musical slides into Washington. Ends July 14. Kennedy Center Opera House (467 6700).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. The National Theatre (265 7411) has a "kabuki classroom" that consists of a lecture demonstration followed by one of the most famous plays in the repertoire, *Kanjincho (The Subscription List)*. An excellent introduction to kabuki. At Kabuki-za (541 3131). At 4.30pm: *Kagamiyama Kokyo no Nishikie (The Women's Revenge)*, a late 18th century drama based on a real-life court scandal. Excellent earphone guide in English and English-language programme.
South Pacific. Emile Belcourt and Gemma Craven lead the cast from the recent London revival of the Rodgers and Hammerstein musical. Koseinenkin Hall (587 5444). Opens Wednesday.

MUSIC

London

London Chamber Orchestra conducted by Christopher Warren-Green, in a programme of Elgar and Mendelssohn (Fri). Queen Elizabeth Hall (928 8800).
The Philharmonia conducted by Charles Dutoit in *The Damnation of Faust* by Berlioz. Soloists include Maria Ewing (soprano), Jerry Hadley (tenor) and Roderick Earle (bass) (Sat). Royal Festival Hall (928 8800).
London Symphony Orchestra conducted by Jeffrey Tate, with Barry Douglas. Beethoven, Balakirev (Sun). Barbican Hall (638 8891).
English Baroque Soloists conducted by John Eliot Gardiner, perform Mozart's Requiem. (Sun). Royal Festival Hall (928 8800).
Abdullah Ibrahim and his band Ekaya: 'Celebration! South Africa new nation!' (Tues). Royal Festival Hall (928 8800).
Artaria String Quartet with Clara Taylor (piano). Beethoven and Schumann (Wed). Purcell Room (928 8800).
Royal Philharmonic Orchestra conducted by André Previn, Brahms, Elgar (Thur). Royal Festival Hall (928 8800).

Paris

Alfred Brendel (piano). Haydn, Schumann, Beethoven (Mon). Salle Pleyel (45638873).
Lucia Valentini Terrani recital (Mon). Salle Gaveau (45632030).
Frans Brueggen conducting an 18th century orchestra and flute soloist. Bach, Schubert (Tue). Salle Pleyel (45638873).
Jessye Norman recital. Brahms, Mahler, Satie, de Falla (Wed). Salle Pleyel (45638873).

Brussels

Belgian National Orchestra conducted by Ronald Zollmann with Andre de Groote (piano) playing Beethoven, Bizet and Mussorgsky (Sat). Théâtre Royal de la Monnaie.
L'Offrande Musicale vocal and instrumental ensemble conducted by Guy Janssens in a programme of Bach (Fri). Eglise Saints Jean et Etienne Minimes. Le 2 Rue de Minimes (217 47 20).
La Chapelle des Minimes Orchestre and chorus in a Bach concert (Sat). Eglise Saints Jean et Etienne Minimes.
James Bowman (counter-tenor), Philippe Foulon (viola da gamba), Florence Malgoire (violin), Daniele Salzer (harpsichord) and Alain Viand (violin) play Buxtehude, Franck, Purcell and Telemann (Wed). Cercle Royal Gaulois (653 48 52).

Antwerp

Judith Vindevongel (soprano) accompanied by Alain Franco (piano) songs of Bernstein, Messiaen, Satie, Strauss and Weill (Mon) Sint Elisabethgasthuis.

Frankfurt

Broadway Summer offers *Sarafina* the successful anti-apartheid-musical (Fri). Alte Oper.
Frankfurt Opera and Museum Orchestra under Gary Bertini with Kyung Wha Chung (violin) plays Webern, Mozart and Tchaikovsky (Sun, Mon).

Berlin

Berlin Philharmonic Orchestra conducted by Jiri Belohlavek and Ottomar Borwitzky. L. Fiser, Martinu and Dvorak (Sat, Sun).

Milan

Mikhail Pletnev (piano) playing Tchaikovsky and Chopin (Mon). Teatro Alla Scala (80.91.26).

Florence

Vladimir Ashkenazy (piano) playing Schumann and Brahms (Fri). Teatro Comunale (2779236).

Rome

Giuseppe Sinopoli conducting Beethoven's *Missa Solemnis* (Sun, Mon, Tues). Auditorium in Via Della Conciliazione (6541044).

Madrid

Joaquin Achucarro (piano). Chopin (Fri). Auditorio Nacional de Musica (337 01 00).
Paul Badura-skoda (piano). Mozart (Sat, Tues). Auditorio Nacional de Musica (337 01 00).
Ian Fountain (piano). Schubert, Liszt, Chopin (Wed). Auditorio Nacional de Musica (337 01 00).
Irina Zurina (soprano) and violin virtuosi. Handel, Paganini, Rachmaninov, Dvorak, Brahms, Ravel (Mon, Tues). Tartini, Handel, Mozart, Bach, Albioni, Paganini, Shostakovich, Rimsky Korsakov, Prokofiev, Stravinsky (Wed, Thurs). Teatro Monumental (230 53 02).

Barcelona

Philharmonia Orchestra conducted by Charles Dutoit. Berlioz, Falla, Prokofiev (Mon). Palau de la Musica Catalana (301 59 43).

New York

Marilyn Horne recital with Martin Katz (piano). Dvorak, Gershwin, Berlin, Kern (Thur). Carnegie Hall (247 7800).

Tokyo

Oleg Maisenberg (piano). Rachmaninov, Prokofiev, Tchaikovsky, Stravinsky (Tues). Tokyo Bunka Kaikan, recital hall (461 8561).
Japanese Classical Music. Works by Tokuhide Niimi conducted by the composer (Tues). Tsuda Hall (402 1851).
Orchestre de Chambre Jean Francois Paillard, with Gerard Jarry (violin). Pergolesi, Haydn, Bach (Wed). Tokyo Bunka Kaikan (289 9999).

A veritable gang of Venetian painters

Patricia Morison visits the Walpole and other London galleries

Baroque and Rococo in Venice, at the elegant premises of the Walpole Gallery at 38, Dover Street (until July 20) is a fine exhibition of Venetian paintings of the 17th and 18th centuries.

A pastel portrait by Rosalba Carriera sets the overall tone of Rococo elegance and carefully calculated verve. Carriera's flattering way with pastels made her the darling of her sitters, and this portrait is a perfect example. Lent by the Walpole family, it was long thought to show Horace Walpole, although it may instead show an Irish peer. The young gentleman has pushed his carnival mask up into his unpowdered hair and his soft features wear a look of slightly louche anticipation. Clearly, he has paused only for a second before plunging back into the seductions of 18th-century Venice.

Everyone of consequence went to Venice on the Grand Tour. Foreigners were fascinated by the civic pageantry, by the daily spectacle of Venetian water-borne life, and by the picturesque decay. Venice was also an excellent place to buy paintings. The Walpole Gallery has got together 40 paintings which, whether you are buying or just looking, are a fine selection of the most sought-after painters of their day.

Venetian painters exported their talents widely. Visiting Paris in 1726, Rosalba Carriera took the court by storm. Five of the miniatures on ivory she painted there are in the exhibition. They are not all powdered grandees; one shows Cupid, tipping flowers into the lap of bare-breasted Venus. This note of sensuous fantasy is still more evident in the large "Venus and Adonis," one of three paintings by Jacopo Amigoni. Adonis looks ready to swoon as he studies Venus's dazzling body, sprawled among cupids who drowse, chase the doves, and lead on the hero to debauch their mistress.

A veritable gang of Venetian painters came to England, to paint stage sets for the Italian Opera and to decorate the ceilings of new country houses. One was Carriera's brother-in-law, Pellegrini, by whom there is a loosely brushed, golden St Catherine. Another to visit England was Francesco Zuccarelli. I particularly liked his "Turkish Pilgrims Travelling to Mecca," a cartoon for a tapestry woven for Holkham Hall in Norfolk. Jokes about the goings-on of pilgrims were rife in the 18th Century. Zuccarelli gives the theme an Orientalist twist, with his two ripe maidens, attendants, and their camel with a twinkle in its eye. If I had £230,000 to spare, I would not hesitate.

Sebastiano Ricci, a particularly influential traveller to England, provides some of the religious paintings in the exhibition. Not that his large "Christ and the Canaanite Woman" is exactly convent fare. Christ's hostile remark comparing non-Jews to dogs may give Scriptural warrant for the lap dog that the woman cuddles. It surely does not explain her voluptuously bare bosom.

'Apollo and the Nine Muses' by Jacop Amigoni

Landscapes and topographic views were the less heady side of Venetian painting. The enthusiasm shown by the English, in particular, made the fortune of Canaletto. There are three works by him in the show. The fourth, a dramatic view of the Piazza San Marco, is the fruit of "deaccessioning" by the Gainsborough House at Sudbury in Suffolk and was sold to a Japanese museum before the show opened.

However, there are two lovely views by Marco Ricci; his golden prospect of the Veneto shows a hermit at the foot of a vast umbrella pine, apparently saying grace before eating his picnic lunch. It once belonged to the famous collection of the Duke of Orleans. I prefer it to the Bellotto, the Marieschis, or even a fine, blustery view of Venice from one of the islands by Guardi.

★

Closing on June 19 is a joint exhibition of glass by Anna Dickinson and ceramics by Judy Trim, at Roy Miles Gallery, 29 Bruton Street, London W1. Both these well-known makers take simply shaped bowls, vases, and plates. They apply strong colours, lustre, or metal, to create works which are gloriously opulent. Trim and Dickinson (who has an international reputation although she is not yet 30) are both influenced by antiquity and the art of other cultures. It was a stroke of brilliance to show them together.

One of the celebrated figures of French Romanticism, the sculptor Antoine-Louis Barye, is on view at the Sladmore Gallery, 32, Bruton Place, London W1 (until 30 June). Barye's bronze studies of animals are less widely appreciated nowadays, when we prefer animals to be non-violent. He generally showed them rearing, fighting, or eating each other, which thrilled contemporaries. The Sladmore exhibition includes some of Barye's figural pieces, and gamely draws attention to the problem of how to assess the quality of the same model in different castings, a horribly complicated and uncertain matter.

Julius Caesar

OPEN AIR, REGENT'S PARK

We have become more used to seeing Handel's *Julius Caesar* than Shakespeare's. Isn't this odd? Not only does the play supply us with many a saying in daily talk, it also remains one of the most subtle studies of political changeover, political dialectic and political demagoguery in world drama. With the world seeing so many changes of constitution in recent months, it is good to return to Shakespeare's account of the events immediately preceding and succeeding the Ides of March.

The play's rhetoric and its ancient setting make it a natural for open-air performance to tiered, semi-circular auditorium. But its urban politics, bloodshed and warfare do not lend themselves to the rich birdsong that Regent's Park provides. This staging, directed by Caroline Smith and designed by Michael Holt, tries hard to steer our thoughts far from pastoral. Banners of a Roman face – the young Caesar's? – stare out at us, the eyes masked by black modern shades; on some banners the face is topped by a smaller silhouette, a profile of the older Caesar, Patrick O'Connell, we see onstage. Costumes veer between Tudor, baroque and sci-fi.

The elements in this staging don't quite cohere. There are sound-effects of storms, of mobs, of battle, several of them jarring with what occurs onstage. The great storm portending Caesar's death starts with a huge thunder-clap – but onstage all that happens is a branch falls, splat! on one side. The mixed-period costumes are often infelicitous; the soldiers' helmets in the later acts, for example, suggest the Canadian mounted police.

The acting varies considerably. O'Connell as Caesar is always loud and fierce. He addresses his wife like a public meeting; he compares his own fixity to the northern star with brutish arrogance. This might be interesting – and the production hints that he is a jack-booted dictator – but Martin Clunes, as Mark Antony, is conventionally pious about Caesar's merits. This Antony really is blunt and plain, and his moment of solitude with Caesar's corpse one of the staging's best passages. But it is harder to believe that he is also active in the later proscriptions.

John Atholl makes Cinna's first scene brusquely funny in an effectively modern way, whereas John Hart Dyke – as Cicero, Caius Ligarius, and as Messala – provides a variety of old-actorly ways. Rosie Timpson is a flustered, pallid, ignoble Portia.

The most sophisticated performances are those of Pip Donaghy as Brutus and Des McAleer as Casius. Donaghy is noble, calm, reasonable – but too much so. He is always poised, always self-possessed, and rather too conscious of delivering Great Moments in his soliloquies. McAleer, however, is remarkably natural. He has the greatest variety of pace and range, the most natural utterance. And he dies with a bitter laugh on his lips.

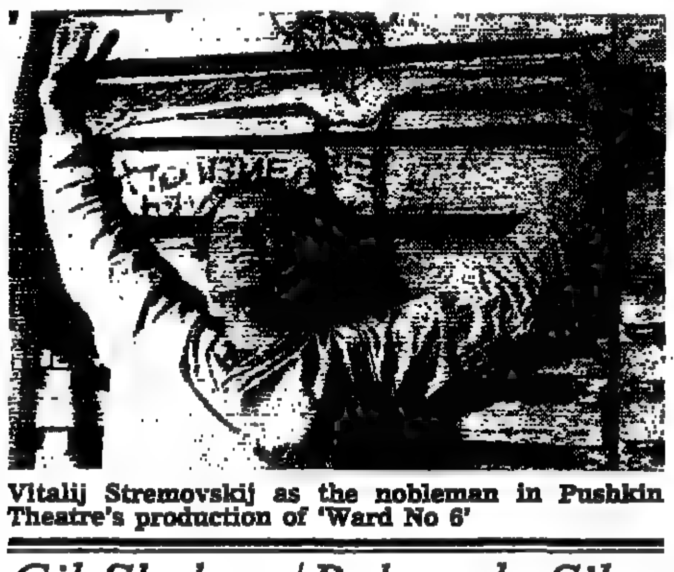
Alastair Macaulay

Alastair Muir

Pip Donaghy as Brutus

International theatre in Quebec

***Claire Armitstead** discovers this is the festival everyone loves to hate*



Vitalij Stremovskij as the nobleman in Pushkin Theatre's production of 'Ward No 6'

To arrive in Quebec is to touch down in the eye of an unexpected political hurricane: to the Meech Lake deliberations add a truckers' strike, which had dozens of juggernauts parked nose to tail along the highways in protest about deregulation, and a motorcyclists' protest about licencing fees which brought an estimated 8,000 machines gliding, chugging and roaring into the city centre one Sunday afternoon, like hopefuls for an *Easy Rider* remake.

The most tangible effect of all this on the Quinzaine, Quebec city's biennial theatre festival now in its fourth incarnation, was that the sets for one of its visiting shows failed to arrive from the Soviet Union. More insidious was the complete absence of any English language theatre in an 18-show fortnight which boasted entrants from Greece, the USSR, France, Switzerland, Germany and Yugoslavia as well as from French-speaking Canada itself.

The English language press maintained a dignified hostility, exploding every now and then into indignation at such shortcomings as the absence of of promised simultaneous translations. But this, it appears, is the festival everyone loves to hate. There was ill-concealed delight in all sectors of the media at the discovery of a scandalous "conflit d'interêts:" a Russian member of the festival jury was also choreographer of Taganka's *Phaedra*, one of the top-billed events of the fortnight. "But these things don't matter in Russia," he was quoted as saying before boarding his plane disconsolately back to the homeland.

Taganka, Yuri Lyubimov's Moscow-based company, was the biggest catch of the festival, making its first visit to the Americas in a show notable principally for the performance of its star tragedienne Alla Demidova as a Phaedra with face set in a mask of passionate suffering. The myth is served up by poet Marina Tsvetäieva as an expressionistic lament for the suffocation of middle-aged womanhood, whether it is Tsvetäieva herself, betrayed in love and in art, or Phaedra, locked in her impossible devotion to her stepson.

There is an uncomfortable streak of narcissism in the portrayal of Phaedra's suffering through a couple of lithe young male dancers. Without the benefit of a full translation, themes of dissidence and frustrated passion remain unmarried in Roman Viktiouk's oddly self-indulgent production. More compelling by far was the Pushkin Theatre's brutalist treatment of a Chekhov short story, *Ward No. 6*, which remains astonishingly and frighteningly apposite a century after it was written. This is the State as a lunatic asylum: driven a couple of kilometres by bus to an unknown destination, we found ourselves stumbling through the cavernous darkness of a deserted technical college to be manhandled into seats on four sides of a slatted cell and bullied into emptying our purses into the hands of a rapacious beggar.

Inside the cell, visible though the chinks, are five patients: nobleman, construction worker, Jew, medal fixated postman and comatose peasant who sends the evening sprawled asleep on the floor as his cellmates prowl, protest and are suppressed with a physicality that has the cell walls shaking. The story is of a doctor whose growing sympathy with his charges consigns him to the asylum. For the central discourse on freedom and the individual, one has the barest resumé. But the gist is made bruisingly clear through the magnificent performances of Vitalij Stremovskij, as the glitter-eyed nobleman, and Geenadij Krynkin as the portly doctor whose complacency is slowly an devastatingly stripped away.

This was by far the most invigorating event of a festival which maintained rather conventional relationships with space and structure. The National Theatre of Bavaria gave an interesting rarity by Heinrich Lautensack satirising with heavy Teutonic humour the corruptions of the clergy. Written in 1911, and directed by Volker Hesse on a set of avenging angels above alpine chalets, *Die Pfarrhauskomödie* twists sexual farce into a cruel reflection on Catholicism, drawing an outstanding performance from Krista Posch as an abused maidservant but sending few, one felt, off to their rosaries.

My itinerary meant I missed the winning overseas production, *Medea*, from the another German entrant, the Dusserdorfer Schaulpielhaus. The German influence continued with Heiner Muller's *Quartett*, a typically obtruse distillate of La Clos' *Liaisons Dangereuses*, which arrived in Canada – already converted to this East German writer – with the Attis Theatre of Greece, in a production (music: Philip Glass) directed with a incomprehensible vigour and density by Theodoros Terzepoulos.

The theatre's enduring fascination with the novel provoked another international alliance in the National Theatre of Belgrade's four-year-old revival of *Nastassya Filipovna*, a dramatisation of *The Idiot* by the Polish director Andrezej Wajda which dated originally from the late 1970s and threw some excellent acting after rather passé symbolic direction from Mira Ertseg.

For freshness of subject and approach Canada itself takes some beating (the billing of the veteran Gratien Gélinas, now in his late 70s, as the father of Quebec's dramaturgy served as a touching reminder of how recent its indigenous theatre is). But having contributed Robert Lepage to the international circuit (his *Dragon Trilogy* opens in Chicago this month; his *Romeo and Juliet* is in Toronto, while his latest piece, *Tectonic Plates*, is heading this way), it is busy proving he is not a flash in the pan.

Quebec's city's own Theatre Niveau Parking made a refreshingly funny attempt at marrying social observation with environmental concern in *Un Sofa dans le Jardin*. Excellent clowning and clever perspective-juggling have not yet rounded into a fully effective form of political theatre, but the foundations are there and for once Green does not come out the colour of overcooked cabbage. For brilliance of form and execution, within the limitations of the ubiquitous solo show, I have seldom seen better than Lorraine Pintal's enthralling *Madame Louis XIV*, a narrative on th life of Madame de Maintenon, which uses electric circuit breakers inside acrylic sculptures to give the actress (who conceived and directed the show herself) control of her musical environment.

Fluttering her fingers or easing her face through the right-angle of these small structures she instantly starts, and as instantly stops again, a tinkle of musical pastiche which ebbs and flows with her movements and mood. The beauty of the piece is its concentration of state-of-the-art technique on the age-old business of telling a story. Quite rightly, it is the story that takes centre stage.

Gil Shaham/Rohan de Silva

WIGMORE HALL

The American violinist Gil Shaham, 19 years old and a former child prodigy in the classic mould, made his London debut at the Wigmore Hall on Wednesday night, accompanied by the hardly less prodigious Sri Lankan pianist Rohan de Silva.

They had chosen a programme notable for its lack of any particular shape and, as far as I was concerned, for its general dullness. Someone opined that the connecting thread of the items was the initial letter S: for Schubert (Sonata in G minor D408), Saint-Saëns (Sonata No. 1 in D minor), Schumann (Sonata in A minor Op. 105), Svendsen (Romance in G) and Sarasate (*Carmen-Fantasy*), as well as for the artists' own names.

Throughout the concert one tended to notice violinism (and to a lesser extent pianism) rather than musical ideas themselves. Shaham has an enormous technique and a big forthright sound to match; his intonation is impeccable, his rhythmic quickness admirable, his rapport with de Silva complete. They give strong-lined, forthright performances, free from mannerism, free, it seems, from the possibility of error. They have made a disc together for Deutsche Grammophon, for which label Shaham has now become an "exclusive recording artist."

He will doubtless mature into a more musically thoughtful player, but for the moment he commands attention mainly for his virtuosity. He lacks variety of interpretative approach: everything is played loud, emphatically, and with an outsized, echoey vibrato. Only in fast or devilishly difficult items – that is to say, the finale of the Saint-Saëns or the *Carmen-Fantasy* – did he come artistically into his own.

De Silva's accompaniments were finely conceived, and full of passing felicities, for instance the rippling downward figures of the third movement of the Saint-Saëns. But both players undoubtedly possess formidable talent.

Paul Driver

We Got a Date

ICA

Chicago-based Goat Island make a late entry to the ICA's season of new performance from the US with a show that raises many old questions. The first of them – at the risk of sounding reactionary – is how they had the gall or the gumption to get where they are to begin with. It is not that they lack talent; on the contrary, the four performers have a cumulative impact that keeps their audience at least intrigued for an often perplexing 60 minutes of slithering, slogging and slugging it out. But Lin Hixson's direction, in the manner of these things, makes so few concessions to conventional theatre aesthetics that the trajectory is hard to discern. How did her company decide in the first place that this is what they wanted to do, in this way?

We learn from their pre-publicity that this is a show about hypocrisy, scapegoatism, social and political paranoia and the abuse of power. We are also told that it has been careful months in the making. What we see, on a stage that stretches the length of the theatre between two banks of audience, is a series of sequences which begin with semi-competitive crouched hopping races from one end to the other, develop into a stylised gladiatorial jitterbugging, and finally erupt into verbal interrogations centring on the sexual misdemeanours of childhood.

There are snatches of transcript from the McCarthy hearings, which are hurled from a table at one end to one at the other by the inquisitorial hulks who complete the team: talk of subversives and bodily fluids gives to prurient cross-questioning about condoms by a questioner who carefully underlines his eyes with blood. This final image, at least, seems to relate back to an older performance tradition of such as Lindsay Kemp's *Flowers*.

One hurries to such reference points as ports in a storm of semi-comprehensible conventions and images, from which fact the final, crowning question arises – who are the audiences for this sort of work? Certainly not the man or woman on London's streets. Yet Goat Island's impact has been compared with that of Pina Bausch and the Wooster Group. Other people also need to cleave to their reference points, but in such rarefied air they can be precious hard to find.

Claire Armitstead

ARTS GUIDE

June 15-21

EXHIBITIONS

London

The Royal Academy. The 222nd Summer Exhibition – the oldest established open submission exhibition in the world. Too often underrated for its quality, it covers the broader centre ground of professional British art.daily until August 19; sponsored by the Dai-Ichi Kangyo Bank

The Tate Gallery. On Classic Ground – a large exhibition devoted to French, Italian and Spanish art of the first four decades of the century. It includes work by Matisse, Picasso, Braque. Sponsored by Reed International

The Tate Gallery. The entire permanent collection has been rehung in a curatorial triumph.

The Royal Academy. Modern Masters from the Gelman Collection – a self-explanatory exhibition of masterpieces of the 20th century from Bonnard and earliest Picasso to Picasso the old man, by way of all the great names of the School of Paris. Sponsored by Guinness.

Paris

Galerie Schmit. French masters of the 19th and 20th century An impressive collection of paintings including works by Pissarro, Degas, Delacroix, Cezanne, Gauguin, Manet, Monet, Renoir and Picasso. 396, Rue Saint-Honoré, closed Sundays and lunchtime, ends July 15 (42603826).

Grand Palais. Joseph Wright of Derby. Some 60 paintings and 30 drawings sum up the career of the 18th century portraitist who introduced the *chiaroscuro* into English art. Closed Tue; Wed, late closing, ends July 23 (42595410).

Galerie d'Art Saint Honoré. A Flemish 15th century retable. Around a large-sized 15th century Adoration of the Magi painted by an anonymous artist who combined to great effect northern realism with more than a dash of Italian mannerism, Monika Kruch assembled other works of religious inspiration. 267 Rue Saint Honoré (42601503). open Mon-Fri. Ends Sept 15.

Galerie Odermatt-Cazeau. 19th and 20th Century Masters.A thread of excellence runs through the exhibition, which begins with the impressionists. Ends July 28 (42669258).

Musée Carnavalet. Antique bronzes. Some 400 statuettes bring to life the Gallo-Roman world up to the 5th century. Closed Mon, ends July 1 (42722113).

Grand Palais. Pre-Columbian art in Mexico (1500BC – AD1521). Closed Tue, late closing Wed. Ends July 30 (42895410).

Brussels

Isy Brachot. Portrait of the Pace gallery of New York. Calder, Dubuffet, Picasso, Rothko and others Ends June 23.

Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des Peintres Italiens a l'Aube du XXe Siècle. Closed Monday.

Fondation pour L'Architecture, 55 rue de L'Ermitage. Brussels, City of Architecture 1890-1958. Closed Monday.

Antwerp

Rembrandt Bugatti and Belgian Animal sculpture (1860-1930) closed Monday ends July 29. Hessenhuis, 53 Falconrui.

Rome

Braccio di Carlo Magno in Piazza San Pietro: Michelangelo and the Sistine Chapel. This exhibition marks the end of a 10-year project by Vatican restorers on the ceiling of the Sistine Chapel showing the techniques used by the restorer. Ends July 10.

Palazzo Venezia: Art for Popes and Princes of the 17th and 18th centuries. Over 70 large and exuberant canvases from the country seats of popes, cardinals and the Roman aristocracy in the area stretching south of Rome.

Villa Medici. Henri Cartier-Bresson. Not only a selection of photographs from various stages in his long career, but 100 or so drawings. Ends June 22.

Florence

Palazzo Vecchio. The age of Masaccio: tying in with the reopening of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Masaccio and Masolino, are 109 works by painters and sculptors who worked in Florence in the golden years between 1401 and 1440. Ends Sept 30.

Naples

Castel Sant'elmo. In the Shadow of Vesuvius: Naples through the eyes of European artists between 1400 and 1800. Ends July 21.

Bologna

Galleria d'arte Moderna. Giorgio Morandi retrospective. Over 200 works lent by Italian and foreign museums celebrating the centenary of the painter's birth. Ends *Sept 2.*

Mannheim

Städtische Kunsthalle, Moltkestr. 9. Emile Bernard, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Ends August 5.

Hamburg

Kunsthalle, Glockengiesserwall. Caspar David Friedrich (1774-1840). To commemorate the 150th anniversary of his death, this exhibition shows 40 sepia, Indian drawings and watercolours of the German romantic artist. Ends July 1.

Darmstadt

Mathildenhöhe. Duke Ernst Ludwig, who ruled between 1892 and 1918 instituted the Mathildenhöhe's arts centre Künstlerkolonie. One of seven buildings by architect Maria Ulbrich, called Ernst-Ludwig Haus, it was damaged during the war. Now after a total reconstruction, it opens its doors in its original function as a Jugendstil museum.

Madrid

Museo del Prado. Sanchez Coello (1531-1588). Some 50 paintings by this Spanish artist born in Valencia, predecessor of Velazquez. Ends July 30.

Palacio de Velazquez. Roman Bronze Objects in Spain. Over 500 objects from different Spanish museums. Closed Mondays.

Fundacion Caja de Pensiones. Georg Baselitz. Exhibition of this German artist's 1980's production. Ends July 15.

Barcelona

Fundacion Caja de Pensiones. Edwuard Ruscha retrospective. Closed Mon. Ends July 15.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books. Ends Sept 15.

Museum of Modern Art. The first retrospective in America in 25 years marks the 80th birthday of Francis Bacon.

Metropolitan Museum of Art: The Russian Taste for French painting, representing three centuries of French masterpieces covers Poussin to Matisse.

Washington

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific. Ends Sept 3.

National Gallery. More than 10 media are included in the major show of 112 of Jasper Johns's drawings over 35 years. Ends July 29.

National Museum of African Art. The national tour of artistic and religious objects, much of it sculpture, encompasses nine centuries of Yoruba civilisation. Ends Aug 26.

National Museum of Women in the Arts. The first major retrospective of the work of Dame Elizabeth Frink. Ends July 4.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided.

Art Institute. Before going to the Royal Academy in London, Chicago gets to see Monet's series paintings. Ends August 12.

Tokyo

Idemitsu Museum. Oriental Ceramics from the Topkapi Palace, Istanbul. The Topkapi's huge ceramic collection is especially strong in pieces from China and Japan in this exhibition, which marks the 100th anniversary of Turko-Japanese relations. Closed Mondays.

Sogetsu Gallery & Hall. Yoko Ono. Her first exhibition in Tokyo in more than two decades: mainly sculptures and works in paper.

Teien Museum. Perfume Bottles by René Lalique. What better venue for this charming exhibition than this former imperial residence whose main doors were designed by Lalique and whose Art Deco interior must surely be rated one of the finest in the world. Closed alternate Wednesdays.

National Museum of Modern Art and Crafts. Van de Velde: furniture, architectural plans, pottery, silverware and photographs by the Belgian Art Nouveau designer. Closed Mondays.

SALEROOM

Fair pushes up furniture

The international antique trade is in London for the Grosvenor House Fair and the important shows in the West End galleries, but it is also spending money in the salerooms. Christie's yesterday had an excellent auction of French and Italian furniture which totalled £2.9m, with 10 per cent unsold. French dealers acquired the five top lots.

A Brussels Gothic allegorical tapestry, depicting "The Triumph of Fame," based on Petrach, woven in the early 16th century and measuring 13ft by 11ft 8ins, sold for £308,000, comfortably above estimate, and a Louis XIV Gobelins tapestry on the "Temple of Flora," doubled its estimate at £126,500.

Among the furniture a Louis XVI ormolu mounted mahogany commode by David Roentgen more than doubled its top estimate at £137,500 while a Louis XIV Boulle and ebony cabinet en armoire was on target at £104,500.

Sotheby's managed a record £15,400 for an acoustic guitar, thanks to the fact that it was made in 1964 by the Paris maker Robert Bouchet for the virtuoso Julian Bream, but its most important lot in an instrument sale, a violin made in Cremona in 1732 by Omobono Stradivari, the rare son of the famous father, was bought in at £145,000, just below the reserve. All told five violins and a lute sent for sale by Julian Bream brought in £33,000. A violin by Giovanni Guadganini, made in Turin in 1780, sold for £143,000, a record for this maker.

Antony Thorncroft

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday June 15 1990

Talking up the pound

WHATEVER else they may signify, the reports that the British Government is preparing to take sterling into the European Monetary System's Exchange Rate Mechanism as early as September or October have done wonders for counter-inflationary policy. Not so long ago the Bank of England complained about the weakness of sterling. Now sterling is up to nearly DM2.90. It has gained nearly 6 per cent against the D-mark from its low point in March, and has risen slightly more on its trade weighted index.

The British authorities are masters at manipulating markets from a position of weakness. They should be. They have had a great deal of practice. But are these reports to be dismissed as yet another case of concealing weakness, or does the Government really intend to use the ERM as a way of securing counter-inflationary strength? Is the necessary determination likely in a country where, a recent survey suggested, most economists do not consider control over inflation to be the primary goal of economic policy?

The first question, however, is whether entry will actually occur this year. The condition of the moment is that the pound should be strong, and that has been secured.

Nevertheless, the now hallowed conditions laid down at the Madrid summit last year will not be achieved in 1990. Underlying UK inflation is between 6 per cent and 7 per cent; that among members of the ERM is below 4 per cent. If anything, the underlying rate in the UK is diverging from that in the ERM. If the UK is, indeed, to enter this year, then it will not be because the conditions are met. If required, there will be perfectly good excuses for not going in.

No miracles

This political uncertainty does not affect whether it makes economic sense to enter the ERM this year. If ERM entry has economic merit, then lower inflation should be its consequence, not its precondition. Similarly, if it is sensible to enter in the autumn, it is just as sensible to enter now.

ERM entry will secure no miracles. But it could prove an important element in counter-inflationary policy, on the right terms. Fortunately, the reports suggest that entry will, indeed, be on the right terms – at a high exchange rate and with a broad band.

The question of the band is not a simple one. For believers in the possibility of credibility by announcement, there is a good argument for entry on the narrow band, as Sir Leon Brittan has recommended. It would certainly be the more impressive commitment.

Risky option

It would also be far too risky. Within the narrow band, it would be quite difficult to avoid excessive reductions in short term rates of interest. Unless the people of Britain were to believe at once that inflation would fall towards German levels, the result could be an undesirable expansion in demand. No commitment to the ERM would withstand the expansion and contraction that might then ensue. For this reason, the commitment to the narrow band itself would be less credible.

Credibility will have to be earned; it will not be won by an announcement alone. It will be earned by trying to combine a strong rate of exchange with high interest rates. That combination can only be achieved by going in with a rate of not far below DM3 as the floor, and with a band wide enough to allow substantial interest differentials vis a vis other ERM members. Those differentials can then be allowed to fall, along with the rate of inflation, until the broad band can be safely narrowed.

Even this relatively cautious approach to ERM entry will not avoid all the risks. There may need to be a more active fiscal policy; there may have to be alternative measures of monetary control; and there may have to be ways of limiting the potential for equity withdrawal from housing.

Above all, there will have to be willingness to stick with the policy, through all the difficulties, until underlying inflation is at last brought down to German levels. That the natural reaction is scepticism just shows how difficult it will be for any British government to make the policy more durable than mere market manipulation.

Liability for oil spills

FIREFIGHTERS in the Gulf of Mexico appear narrowly to have averted an environmental disaster of huge proportions, after bringing under control the blaze on the stricken oil supertanker, the Mega Borg. Yet the incident raises an important question: who would have paid for the clean-up and damages if the ship had let loose its cargo of 38m gallons of oil, more than three times the oil lost from the Exxon Valdez?

It is one thing to expect Exxon, by many measures the world's largest oil company with a market capitalisation of $68bn, to dig into its pockets for more than $2bn in uninsurable liability claims. This would sink nearly anyone else including, almost certainly, the Norwegian owners of the Mega Borg. Would the courts go after Elf Acquitaine, the hapless owner of the oil, which plainly had nothing to do with the accident itself?

The US is living under the illusion that it can find someone to "pay" for catastrophic environmental damage. Yet one way or another these costs will be borne by the society at large. The US needs a mechanism to allocate this burden sensibly, equitably and predictably in the case of oil spills. This need will grow in importance as the US becomes more dependent on imported oil which can only be supplied by tankers.

No tanker operator can eliminate all risk of an accident. In the US tanker operators face unlimited liability claims for oil spills even when operating in full compliance with the law, and when an accident results from no fault or negligence by the operator. This is plainly an unreasonable risk for a business because it cannot be insured at any price.

Risk to society

The reaction of Shell this week was understandable; it decided to stop sending its own ships carrying crude oil to US ports (with one exception). The wonder is that other companies have not done the same. Tankers can be insured for up to $1bn, but the Exxon Valdez incident has shown this to be inadequate. Shareholders ought to start questioning why companies are willing to risk so much just for the privilege of calling at US ports.

Ordinarily society bears risk through the mechanism of insurance premiums, which are a cost of doing business, paid for by the end consumers of goods and services. Companies which face known risks do not bear this alone because it would be foolish to do so.

Clean-up fund

If the US wishes to allow its citizens to recover the full damages, however defined, which result from oil spills, it must establish a workable mechanism by which this can be achieved. Proposals before the US Congress to establish a $1bn clean-up fund per spill based on an oil tax are a good start.

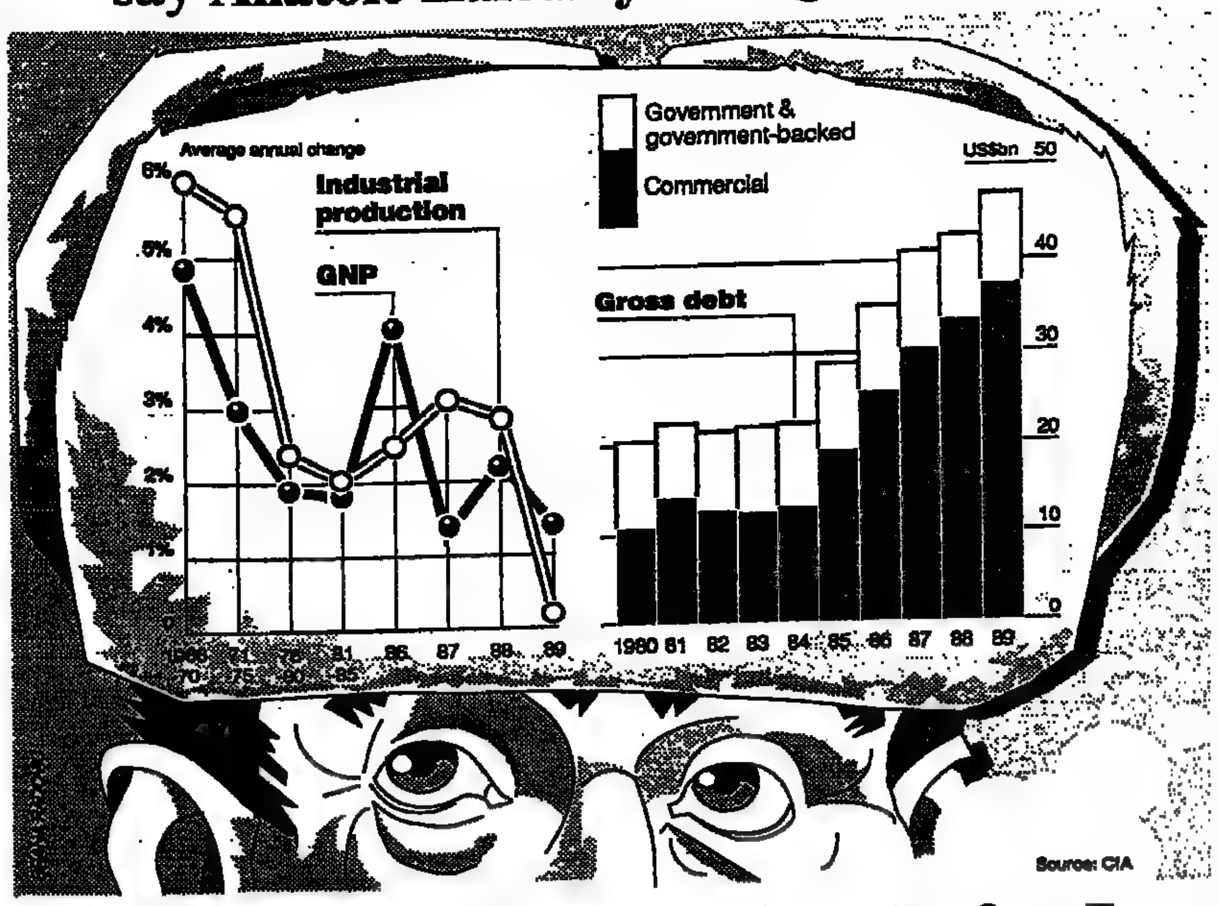
Yet it would be irresponsible and unrealistic to continue allowing tanker owners and operators to face unlimited liability risks; a cap which applies throughout the US must be adopted. This is because most owners cannot meet large claims in excess of their insurance coverage. The money is not there. Failure to enact liability limitations would amount to a roulette wheel weighted against the large companies with deep pockets, which might well follow Shell's lead. Probably most of them will stay in the business, despite the risks, but this is hardly the right way to regulate a strategically important business.

Most industrial nations have adopted International Maritime Organisation conventions which limit liability to about $72m, and provide prompt funds for clean-up. The US may wish to see higher limits, but limits are needed.

This is not to argue that tanker owners and operators ought not to be punished stiffly for causing accidents or for negligent behaviour. Yet the proper place for this is in the courts where it is appropriate to set fines at a level where they will hurt even the biggest companies. The US ought not to confuse the issue of punishment for negligence with the issue of compensation for damage that will inevitably be caused in an activity that benefits the whole society.

Gorbachev's high road to the market

The failure of the Ryzhkov plan could turn into a triumph for the Soviet President, say **Anatole Kaletsky** and **Quentin Peel**



Source: CIA

Yet again, President Mikhail Gorbachev seems to have snatched victory from the jaws of defeat. If it had happened in a western parliament, Wednesday's overwhelming vote by the Supreme Soviet to shelve critical economic reform proposals might have precipitated the resignation of Prime Minister Nikolai Ryzhkov, if not of President Gorbachev himself. But viewed through the ever-shifting kaleidoscope of the new Soviet democracy, the failure of the Ryzhkov plan is looking increasingly like a personal triumph for Mr Gorbachev.

The central significance of the Supreme Soviet's vote lies not in its rejection of Mr Ryzhkov's planned price increases, but in its demand for immediate action on a much broader programme of reforms.

The words "regulated market economy" appear to have acquired the inspirational status that used to be reserved for "the dictatorship of the proletariat". The slogan has been adopted not only by the legislators and many of the Soviet people, who have been rallying to Mr Boris Yeltsin's somewhat simplistic but unambiguously pro-market vision, but even by the Communist Central Committee itself.

Explaining the strategy which the party planned to follow after the inevitable (and all but intended) demise of the original Ryzhkov plan, a senior communist official made the following comment last month: "The party's highest ideological priority must now be to agitate within the working class against the fear of market relations." It was a surrealistic verbal collision of rhetorical fragments from the past, the present and the future, symbolising the dream-like state of Soviet political and economic life.

Of course, the apparatchiks' conversion into fervent "marketeers" smacks more of opportunism than of principled conviction. But this only reinforces the importance of the transformation. For if the party's most able apparatchiks are elbowing each other out of the way in the rush to climb on the market bandwagon, this may provide the best assurance that serious reform is finally in store.

Like all the Soviet Union's previous slogans, the "regulated market" remains a hazy notion, but there can be no mistaking the general import of the Supreme Soviet's vote. The liberal new laws demanded – on property ownership, dismantling of monopolies, creation of commercial banks and small businesses, privatisation of government enterprises into joint stock companies – seem to leave little room for ideological prevarication.

The many reformers who remain devout communists may be right in predicting that a Soviet market economy will be very different from the overtly capitalist or even the social democratic western models; nevertheless its structure and management will certainly owe more to Adam Smith and Keynes than to Lenin and Marx.

Indeed, top Soviet officials, including Mr Gorbachev's personal economic advisers, Mr Nikolai Petrakov and Mr Stanislav Shatalin, as well as senior party and government officials, appear to be united around a stunningly ambitious reform programme which they say is ready for almost "immediate" implementation.

At their most radical, these measures would include the following:

- Deregulation of small businesses and new forms of ownership.
- Rapid privatisation of much of the agricultural, service and distribution sectors.
- Transformation of most large manufacturing enterprises into competing joint stock companies, initially under state ownership, but to be privatised as rapidly as possible.
- Creation of a western-style banking system and of financial and commodity markets.
- A tight squeeze on fiscal policy, to be achieved mainly by cutting capital investment.

Only after many of these measures were implemented would the radicals advocate the decontrol of most prices, and a programme of fiscal and monetary stabilisation, possibly supported by stepped-up imports of consumer goods and foreign loans.

Before getting carried away with the radicalism of this programme, however, we must recall that many of these same reform proposals have spent five years at the top of Gorbachev's agenda, with no apparent results. Why, then, assume that this time he is serious about reform?

There are two reasons. First, he has no other options. Second, the Supreme Soviet has now provided him with the ideological, strategic and tactical tools he needed to start knocking down the roadblocks to reform.

Ideologically, the failed Ryzhkov plan forced Soviet deputies – and more generally, the Soviet people – to confront the historic choice which they had spent five years avoiding. The plan announced last month marked a dead end on the meandering road between reaction and reform. Returning to the fork which it had passed repeatedly since the beginning of perestroika, the country had to make a choice. The high road led directly to the market, the low road back to administrative control. On Wednesday, the Supreme Soviet made its decision quite clear.

If the Government now fails to deliver the comprehensive package of market-oriented reforms the parliament has demanded, not only Mr Ryzhkov but Mr Gorbachev himself will probably be doomed. Conversely, if Mr Gorbachev now throws himself into reform with real vigour, he could conceivably outflank Mr Yeltsin. Even more importantly, he could begin to use market forces, instead of political compulsion, to help preserve some semblance of unity in the Soviet Union.

At the strategic level, the Soviet parliament has recognised that the bureaucratic and managerial establishment has now become the chief obstacle to change. Not only are the delegates demanding almost immediate legislation on land reform, entrepreneurial activity, decentralisation, and privatisation. They are also serving notice on the *nomenklatura* that they want their legislative acts to turn into results.

The significance of the Supreme Soviet's vote lies not in its rejection of price increases but in its demand for much broader programme of reforms

President Gorbachev has been mandated to enforce the laws that already exist on the leasing of agricultural land and the development of small businesses. From now on, therefore, each victory for the apparatchiks who still run the Soviet countryside and much of its industrial economy will be won only at the expense of Mr Gorbachev and the central government apparatus.

This confrontation will not guarantee success. The party's central apparatus is wilting; the presidency as an institution scarcely yet exists. In contrast, the sway of the local bureaucratic and industrial *boyars* is growing daily to fill the vacuum left by the decaying organs of government power. Nevertheless, a powerful contradiction has been created by making the central apparatus responsible for amputating the bureaucratic tentacles which the party itself had sustained for 70 years.

The chances that the presidency and some remnant of the central party apparatus will emerge as the survivors from this internecine battle are greatly strengthened by the third, tactical, factor introduced by Wednesday's Supreme Soviet vote. In the interregnum while detailed legislation is being prepared on a market-based system, the parliament has told the President to use his powers to govern by decree.

In giving the President this mandate, the Supreme Soviet has finally conferred a measure of democratic legitimacy on the decree powers which Mr Gorbachev created for himself earlier this year. On the other hand, it has also left him exposed: Mr Gorbachev will now have few political excuses left if he fails to move the country towards the agreed destination of the "regulated market economy".

Before this historic journey can begin in earnest, the President and the Soviet people must ask themselves two economic questions. Do they understand what they mean by a "regulated market economy"? And even if they do, do they have the determination and perseverance to get there?

At first sight, the answers seem depressingly negative. The public's impatience for an instant payoff represents the greatest immediate threat. Mr Gorbachev's previous half-hearted reforms have been an abject failure, reflected not only in public dissatisfaction, but also in the deterioration in practically every objective indicator of economic performance since perestroika began in 1985. The people do not want another "experiment": they want results.

It could be argued that the past five years of failure were inevitable and even necessary. They created the near-panic which is now evident at the top of the government apparatus and which will be needed to overcome the system's resistance to change. But this is small consolation. Even if the public were convinced that reform were necessary, why should they believe that Mr Gorbachev can now defeat the vested interests which have been so effective in sabotaging reform in the past?

The answer depends on whether the Soviet public can understand and accept the true meaning of market-oriented reform. And this, in spite of all the sloganeering, remains the greatest uncertainty of all.

The market is still distrusted and misunderstood in the Soviet Union, even by many of the reformers themselves. The budding entrepreneurs of the co-operative movement are almost universally stigmatised as "speculators" and "mafia". Muscovites complain about eternal queuing and the impossibility of buying anything with their rouble wages; yet most prefer to hoard their "worthless" roubles rather than spend them on the food which is available from private markets and co-operative stores. Market-clearing prices still seem an alien idea to the Soviet psyche, dominated as it is by archaic notions of the "just price".

A telling example of the distrust of market forces arose last month, soon after the announcement of the original Ryzhkov programme. Asked at a conference in Moscow last month why the Government had been so slow in dismantling the state supply system, Mr Leonid Abalkin, the "marketeer" economist and deputy prime minister in charge of economic reform, replied: "Without state supplies there could be social and economic calamity – suppose, for example, that food failed to reach the oil workers of Tyumen or the merchant marines in Murmansk."

It took a much more radical economist, Mr Oleg Bogomolov, to make the obvious rebuttal. Since workers in Murmansk and Tyumen were among the highest-paid in the nation, the market would soon be sending far more food in their direction than state planners had ever allowed.

Yet despite the obvious shortcomings in Soviet economic thinking, there has undoubtedly been enormous progress since Mr Gorbachev's programme of political liberalisation began. As always in the Soviet Union these days, the question is whether the glass is half full or half empty. Even a year ago, the "regulated market economy" would have been a slogan rammed down from above on an intimidated and recalcitrant people and parliament. Today, the demands for radical change, however unsophisticated and muddled, are coming from below as well as from the top of the party and government apparatus. There is a chance that these two forces will meet in the middle and overcome the resistance to change which is still as entrenched as ever in the middle ranks of the Soviet system. It is only a chance – but it is the last chance the Soviet Union has left.

OBSERVER

Nott's new bearings

■ Sir John Nott, a former Defence Secretary and until recently chairman of Lazards, has not lost his capacity to surprise. Yesterday he took up a new job as an adviser to The Correspondent, the new Sunday newspaper, which is certainly not a natural supporter of the Tory Party.

Nott was approached early this year and was offered the post of chairman. He was taking a couple of months off in Nepal at the time, and thought that the chairmanship would be too much. But he will play the advisory role as more than a half-time job, and will attend all the paper's main meetings, including those on editorial planning.

When we put to him that The Correspondent was rather a left wing paper for someone of his background, he said: "Is it? It seems rather neutral to me. It's not the Telegraph and it may be to the left of the Sunday Times, but it's rather central. In its first issue, it had an interview with Margaret Thatcher."

Nott has been doing his homework. He has been to Chicago to see the Tribune, which is one of the paper's backers, and also the Guardian in London, which recently raised its stake. A lot of the journalists are old friends of his from politics and his days in the City. "It's a young paper, with young urban readers, that was a bit dull at the start, but has been getting better and better."

Up market

■ The most impressive feature of the Fabian Society's one-day conference in the City yesterday was not Labour shadow Chancellor John Smith reassuring everyone of his conservative credentials; nor was it the shadow Chief Secretary to the Treasury, Margaret Beckett, coming across as tough as old boots on putative claims on public spending.

Those sights were to be expected; what has become known as "Labour's prawn cocktail circuit" is now pretty familiar. What clinched the image of a modern-minded Labour party was the fee – £360 plus VAT.

Irish hope

■ This must have been one of the worst periods of IRA violence, certainly in mainland Britain and continental Europe, since the attacks began. The situation is the more confusing because it is no longer automatically and immediately clear whether an assault has come from the IRA or from some branch of the Animal Liberation Front.

Yet something remarkable has happened. Not once in the last few weeks have I heard a renewed call to get the British troops out of Northern Ireland. On the contrary, talks between London and Ulster and between London and Dublin have gone on.

On a more mundane level, after the attack on Lord McAlpine's house there were the most draconian security measures at the opening of the Grosvenor House Antiques Fair – attended by the Queen Mother – in London on Wednesday. Many guests were instructed to wait outside while the security forces did their stuff. There was not the slightest complaint. One should never speak too soon about Ireland, but all that seems mildly encouraging.

Business lunch

■ Possibly the best of the annual lunches for British businessmen and industrialists is given by Euram, the head hunters or, as they prefer to be called, the international executive search consultancy.

The lunch itself is a modest affair at Claridge's: nothing overdone. Part of the trick lies in the guest list: like good head hunters, they pick and choose. Do not expect to be invited again just because you have been invited before. Sir Alistair Frame, the chairman of RTZ, was there for the first time; so was Lord Carr of Hadley, the Home Secretary when Edward Heath mistakenly called a general election in February 1974. (Carr was one of the few who advised against.)

There is also the speaker. This year it was Michael Heseltine. One never ceases to wonder at his ability implicitly to critices the Government without overstepping the bounds of loyalty.

Yesterday Heseltine talked about membership of the European Community as a club. "If any member decides to leave, Sherman will not march through Georgia to force them back." But you don't want to be the club bore, sitting complaining in an armchair. "You want to be up there on the committee, shaping the rules." Exactly what the Prime Minister would say.

Foggitt's dog

■ The weather in June is about to improve after a poor start, Bill Foggitt, the Thirsk weatherman, said yesterday. He has been encouraged by the way his Welsh poppies have been perking up recently.

The yellow poppies had been looking rather downhearted, with heads hung at the start of the month. "They can foretell the rain," said Foggitt. "I have noticed that before rain there is an undulating wind, heavy with moisture, which seems to bend over their heads. Without that the petals would be washed away."

Before the rains came, it was so dry that a mole surfaced in his garden. "My dog, Polly, chased it down the path, but it shook her off and went to drink from the dish left out by my neighbour for her bantam hens."

The cold start to June led Foggitt to check his records and he found it had been colder on Coronation Day, June 2 1953, when the thermometer in Thirsk never rose above 48 deg F and it snowed.

It sleeted in Thirsk one day last month. "I was passing the Vicar's widow while out walking my dog and she said: 'Look its snowing'. I said it was sleet but she said, 'Oh no, its snow.' Then she said Polly was getting fat and walked away. I think she wanted to change the subject," said Foggitt, who is sometimes shy about his expertise.

Teaser

■ A shopper weak on addition and not very familiar with pocket calculators purchased five items in Marks & Spencer priced, respectively, at £1.20, £1.25, £1.50, £1.70 and, finally £2.00. The cashier wanted £7.65, but the shopper, having heard too many tales of checkout errors, borrowed a calculator to check. By mistake he pressed multiply rather than add. What was the answer?

POLITICS TODAY

The burning issue of who is greener

By Joe Rogaly

A former editor of the Financial Times once remarked that the stockmarket was jumping up and down like a yo-yo in heat. That is what Britain's opinion polls seem to be doing. A fortnight ago it was possible to surmise that the Government had reached bottom and was bouncing back. This morning we cannot be sure. On May 26 an Independent/NOP poll showed a 5 percentage point fall in Labour support. This was matched by an equivalent increase in the propensity to vote Conservative. Labour's notional lead was thus reduced from 25 per cent to 15 per cent. The next morning two further polls seemed to confirm NOP. Labour was down on the previous month, by 10 points according to Mori in The Sunday Times and by 4 points according to Harris in the Observer.

These figures helped maintain the phoney peace that settled over the Conservative Party when its nationwide losses in the local elections of May 4 were skilfully misinterpreted as a defeat for Labour. "She's done it again," ministers began to mutter. "She's seen off Heseltine, avoided a leadership election in November, and probably set us on course for a fourth election victory." Backbenchers began to believe this; their faith has subsequently been bolstered by the rise in the markets, a phenomenon not discouraged by Mr John Major, who seems to be on his way to earning his place in history as the Chancellor who shadowed the D-mark at somewhere around three to the pound, just prior to entry into the Exchange Rate Mechanism of the European Monetary System. (The current Civil Service assessment that Mr Major is "gathering weight" is thought to refer to his growing sense of mastery over his new job, and not to any other discernible resemblance to his predecessor.)

Over the past week newer polls have pointed in the opposite direction. Gallup in the Daily Telegraph of June 8 was especially thought-provoking. Interviews conducted over a large sample between May 3 and May 29 produced a fall in Labour's lead of about 10 points, compared with the previous month. But a smaller sample interviewed between May 31 and June 4 put Labour up again, at 53 per cent to the Conservatives' 29½ per cent. And yesterday morning the Guardian ICM poll suggested a Labour vote of 54 per cent to the Tories' 35 per cent, a 19-point lead. The interviews took place on June 8 and 9.

Minute interpretations of these results are pointless. What does seem clear is that the Government is making little headway, while Labour, according to ICM, appears to have benefited most from the winding-up of the David Owen rump of the Social Democratic Party. Respondents are reported to have been confused by the latter event, some of them apparently taking it that there is now no centre party at all. This can only hurt the SDP's successor, the Liberal Democrats.

* * * * *

None of the above will matter if the Conservatives bring interest rates down. If Mr Major can get the mortgage rate into single figures, political debates will be academic. Since this outcome cannot be assumed, Mr Major's colleagues have to slog away on the issues that will count if there is no substantial pre-election improvement in the spending power of suburban voters, or if such an improvement is only slight.

Mr Chris Patten, the Secretary for the Environment, is still saddled with issue number one after inflation (or possibly before it): the poll tax. He is caught in the classic squeeze of the departmental manager working to a dominant boss. If the eventual package of poll tax bribes and amendments fails, he will take the blame. If it works, it will be Maggie triumphs again. What they should both do is accept that this product is the Edsel of the taxation world. The only good solution is to withdraw it.

Mr Patten is also in a squeeze over the environment. One of the questions for Britain's two main political parties at the next general election is, which twin is the greenest? Strategists for both the Government and Labour believe that while the environment is not of overwhelming importance, it is likely to influence voting. It runs particularly strong among affluent women voters in the south-east – that is in a number of constituencies Labour must win.

Both parties are preparing policy statements for the autumn. The Government's white paper, due by October, will probably be preceded by Labour's "alternative white paper". The Prime Minister, Mrs Margaret Thatcher, is in overall charge of preparing the first of these documents; on Labour's side Mr Neil Kinnock has left the job to the party's environment spokesman, Mr Bryan Gould.

Neither party has shown the courage to propose road-use pricing; both seem to see technical fixes as the best way of addressing vehicle emissions, although Labour will always be the more convincing exponent of public transport. (Labour speakers such as Mr Frank Dobson have already started alluding mockingly to the super French train coming to a shuddering halt at the Dover exit from the Channel Tunnel, so that people and goods may be transhipped to Britain's antiquated network.)

The Conservatives are also handicapped by their innate scepticism, which persists in spite of the Prime Minister's dramatic save-the-globe speeches. One view in Downing Street is that "it is no good trying to buy off the greens, since whatever you give them, they always come back for more." This could lose the game to an alert Mr Gould. For the greens are not the people who have to be bought off. The opposition is the Labour Party, which is highly unlikely to say that it will do less to protect the environment than the Conservatives. Mrs Thatcher can allow Mr Patten to be as bold as he chooses; Labour can only concur.

As to the substance of the matter, Mr Patten has done quite well so far. With the Prime Minister's backing he has established a consciousness of the importance of environmental issues; this has spread through Whitehall, although it has not quite conquered the departments of transport and energy. Mrs Thatcher's commitment to stabilising carbon dioxide emissions at present levels by the year 2005 is said to imply a sharp reduction from what would happen if we did nothing. This boast is based on dodgy projections by the two main polluting departments. Yet her pledge puts Britain on-side with other European countries that seek global agreements. It corners the US, where President Bush is now under pressure from both the Europeans and much of his own public opinion. If you view it as a precedent, upon which more impressive commitments may be based, it is a step forward.

Back in the political world, Labour's answer has been easy. It accepts the general European target of the year 2000, thus bidding up for the votes of those who look for seriousness about tackling the greenhouse effect – affluent mothers in the south-east, perhaps. Since both parties are afraid of motorists, the issue comes down to power generation and, in particular, coal. The Tories will find it hard to look serious about reducing the emission of carbon dioxide from power stations while they are floating private electricity companies whose structures encourage their boards to sell as much electricity as possible. Labour is publicly committed to the British coal industry, which means large capital sums will have to be spent on scrubbing chimneys.

I suspect that Labour would be much relieved if the Tories would close, say, 25 pits before the election. The Conservatives might wish to oblige, since their plan for the reduction of emissions depends on greater burns of gas, but the axe is swinging perilously near the Nottinghamshire coalfields whose miners kept working during the great coal strike of Mrs Thatcher's middle years in office. They regard it as indecent to let those miners down quite so soon.

Mr Patten can win the battle of the white papers if he produces specific targets for reductions in gaseous emissions, noxious effluents, and the like. They should be comparable to the European norm. The white paper will mean little if it does not also contain convincing statements of how these objectives are to be met. Without the Civil Service behind it, Labour could not produce anything like that. Unless he has Mrs Thatcher behind him all the way, Mr Patten may be unable to do so either.

* * * * *

If you move into government in the United States you face a senatorial inquisition. It can follow you after you move out. In Britain the executive is supreme. Parliamentary committees have nowhere near the power of their congressional counterparts. Thus if any of the many British ministers who have left office to take jobs in private industry did smooth the path before leaving, we are unlikely to find out. I am not accusing Lord Young, Mr Peter Walker, Sir Norman Fowler, Mr Nigel Lawson or any of the rest on a lengthening list that includes former Labour ministers, of wrongdoing. We have to take these things on trust. We elect a virtual dictatorship every four or five years, but there are few checks on its behaviour. This is a pity, since it is desirable that men or women who have been successful outside government should be able to enter it, and go back, under transparent scrutiny.

Perhaps the solution, in the absence of a proper written constitution with separation of the powers, is a delay between leaving office and taking a job with a company that may have benefited from one's actions while in office. Two years would be about right. Most of the ministers who have taken directorships would not have been affected by such a rule. Lord Young would only have had to wait another nine months or so beyond his intended date of taking his new chairmanship at Cable and Wireless. But a proper constitution would be best of all.

LOMBARD

A crude attack on democracy

by Michael Prowse

Find a sufficiently unpleasant tax and local authorities' capacity to spend will be constrained in perpetuity: this was the real motivation behind the UK community charge. In the short run, the policy has misfired horribly. Local spending has surged and central government is shouldering the blame for high poll tax bills. A furious Mrs Margaret Thatcher is now trying to bolster the Government's powers to "charge cap" local authorities. She wants to make all local communities respect "needs assessments" calculated in Whitehall.

This is an odious objective that contradicts everything Thatcherism is supposed to represent. It is absurd to suppose that a few civil servants in Whitehall can accurately assess local needs from Bournemouth to Burnley. The inefficiencies of central planning have been amply demonstrated in the Soviet Union and eastern Europe. But even if bureaucrats could get their sums right, central government has no right to impose its value judgments on local communities. Mrs Thatcher's hatred of public spending should not constrain expenditure in every square inch of Britain. Diversity and the decentralisation of power ought to be welcomed, not bitterly opposed.

Instead of looking for new ways of "disciplining" councils, the poll tax review committee ought to be searching for financing mechanisms which extend and entrench local democracy. The key to accountability is to ensure that local communities finance the largest possible proportion of expenditure locally. Recent reforms have moved in the opposite direction, reducing to about a quarter the proportion of revenue controlled locally – one of the lowest ratios in the industrialised world.

The question to ask, therefore, is whether a lump-sum levy can provide a fair and secure revenue base for local communities. Is it the kind of tax that can be leaned on more heavily so that the fraction of revenue raised locally can be raised? The answer is obviously "no"; a tax that is unrelated to any measure of ability to pay is the weakest possible fiscal reed. Indeed, recent pressure has been in the opposite direction: to remove functions from local government so as to reduce the burden of the tax. The hard truth is that no serious body of intellectual opinion, not even the US New Right, supports lump-sum taxation. Fiscally speaking, Mrs Thatcher's poll tax is nonsense on stilts.

If the review committee cares a jot for either economic efficiency or local accountability, it must conclude that the community charge was a grotesque error. And if it takes the trouble to examine local taxation in other OECD countries, it will swiftly discover that there is no shortage of sensible alternatives. The Government says taxes based on the market value of residential property would be unworkable. Why then are they a common form of taxation abroad? The Government dismisses the case for local income taxes. Why then are these the most popular form of local taxation on the Continent?

In a small overcrowded island, it was an act of economic vandalism to abolish domestic property taxes. Yet it is doubtful whether the Tory Party would ever have the courage to reintroduce this form of wealth tax. This logical step must await Labour's return. But there can be no principled objection in Tory circles to local income taxes, particularly if they are levied at a single rate. The base for such taxes would be broad, secure and equitable. Unlike the poll tax, they would command widespread respect. And, by enabling a much larger proportion of spending to be financed locally, they would enhance local democracy. Communities would get the services they are willing to pay for – without placing an insupportable burden on the low paid.

This is not a madcap idea but a form of taxation taken for granted in countries as diverse as the US and Sweden. It will be rejected, surely, only by the insular, the authoritarian and the economically-illiterate.

LETTERS

Polish policy devalues Solidarity's credibility

From Professor Meghnad Desai.

Sir, Mr Marek Scibor-Rylski (Letters, June 7) does not dispute my contention that the stabilisation policy being pursued in Poland will decimate its industry. He tries to provide a "green" justification for the de-industrialisation of Poland. It is not clear to me that a deflationary policy, however severe, necessarily selects only the environmentally damaging industry for closure. We also know that a free market policy does not discourage pollution.

He also agrees with me that another aim of the policy is to open up the remaining Polish industry to foreign ownership. But I doubt if his friends in the Polish Government should entertain illusions about making Poland a manufacturing centre for Europe following the free market path. We have certainly fallen behind in the UK, relative to our OECD partners, pursuing Thatcherite policy in this respect.

Becoming a manufacturing centre requires, as in South Korea or Japan, an active government policy. It also requires a country to ignore the siren voices arguing that a country stick to its comparative advantage in terms of current relative costs. Had Japan heeded those voices, it would never have emerged from its de-industrialised state after 1945.

To criticise a Thatcherist strategy is not to pine for the controlled economy. The alternative to the UK is not just Sweden, but it has to be said that a consensual policy would have been better for Poland than a conflictual one. What the Polish policymakers have done is to devalue one precious asset they had – the credibility of Solidarity as a friend of the Polish worker. The consequences of this mistake on the civil society in Poland will be serious.

Meghnad Desai,
Department of Economics,
London School of Economics,
Houghton Street, WC2

Pointless and impracticable curb

From Professor Jack Wiseman.

Sir, I was pleased to find Mr Oakeshott (Letters, June 13) so sympathetic to my own position on the rights of citizens and employees in the privatisation process (Letters April 3). I was even more gratified, of course, that the idea of a citizen credit (voucher), which has attracted little general attention, is being actively considered in Czechoslovakia.

It is true that there are difficult problems of education and information to resolve (and these affect employees, who may find themselves buying into loss-making enterprises, as much as they do citizens generally). Also, it is desirable that, if practicable, the vouchers should be used to encourage new small enterprise. From these points of view, the proposal to make the credits non-negotiable seems to me to be both pointless and impracticable.

But I find it heartening that the idea is being discussed as a serious practical possibility.

Jack Wiseman,
Institute of Social and
Economic Research,
University of York

Regulation

From Mr P.G.B. Wills.

Sir, Mr McCrindle (Letters, June 12) is right to be concerned that the Financial Services Act could be replaced by a Statutory Regulator "in the style of the US Securities and Exchange Commission."

Happily there are better examples to follow. I would commend to his attention the statutory regulatory systems in Canada and Australia.

P.G.B. Wills,
Security Settlements Options,
65 London Wall, EC2

A better image

From Mr A. van Terheyden.

Sir, As I look at the new English banknotes, I am encouraged to think that the first Ecu notes will surely be an improvement.

In particular I can think of many European candidates to appear on the notes who would be more familiar than Sir John Houblon (first Governor of the Bank, whose image is to appear on the £50 note).

A.G.R. van Terheyden,
32 Cypress Grove,
Ash Vale, Surrey

ERM entry for sterling

From Mr Jonathan Hoffman.

Sir, Samuel Brittan's excellent Economic Viewpoint ("EMS: more than talking the pound up," June 14) points out that if sterling were to enter the exchange rate mechanism (ERM) of the European Monetary System (EMS) with the wide 6 per cent band, its effective band against the D-Mark would be biased towards strength, with much greater upside than downside (17 versus 3 pfennigs).

But this extreme bias could be only momentary, since it arises from the juxtaposition of the current (and most unusual) weakness of the D-Mark and the peseta's position close to the top of the wide band.

Suppose the D-Mark strengthened (for example, because of a rise in German interest rates) and the peseta weakened (for example, because of a breakdown in talks between the Government and the unions, or because of a policy decision). Then, without any change in its central rate, the bias in sterling's effective band could change dramatically.

For example if the D-Mark were at the top of the narrow band and the peseta at the bottom of the wide band, sterling would have no upside at all from its central rate against the D-Mark, but could have as much as 17 pfennigs downside.

The substantive point is that the choice of the 6 per cent rather than the 2.25 per cent band renders sterling greatly exposed to the vicissitudes of the other ERM currencies.

And if the Government delays much longer the wide versus narrow band debate may be academic, since Stage 1 of the Delors Report, signed by the Governor of the Bank of England, proposes that the wide band be abolished.

Jonathan Hoffman,
Senior European Economist,
Credit Suisse First Boston,
2A Great Titchfield Street, W1

From Lord Cobbold.

Sir, Samuel Brittan calls (Economic Viewpoint, June 14) for "an entry band skewed upwards around 2.95." May I suggest that the central rate should be 2.9815?

2.9815 against the D-Mark, assuming no other parity changes before sterling's entry, is exactly equivalent to a central cross rate against the French franc of 10. At 10 francs to the pound, a 10p coin becomes a franc – we used to call it a florin.

Whether we enter the ERM with a 2¼ per cent or a 6 per cent band, we should be able to maintain an unchanged central parity with the French franc though Stages I and II, whatever turbulence may follow German monetary union.

France is our nearest neighbour and has approximately the same sized economy. The combined Ecu weighting of our two currencies is slightly larger than that of the D-Mark. Consolidating the exchange rate at 10 would help to equate the perception of value between the two economies, whatever the single currency that emerges at Stage III.

Cobbold,
10 Upper Grosvenor Street, W1

Central body for British industry

From Mr Bernard Miller.

Sir, I read with interest Charles Leadbeater's article about British industrial policy ("A legacy that will linger on," June 7).

Government has not been successful in imposing its will on industry and commerce. The scars are deep and still reflect each month in the negative balance of payments, low exports, high imports, retail price index increases, low production and unemployment.

No Government, Labour or Conservative, can make any impact on these problems at all. The answer invariably seems to be to invite foreign corporations in to do what indigenous British industry should be doing.

Britain – birthplace of the industrial revolution – needs to get its act together now for the next century. British industry is a sophisticated animal with an excellent financial system and should form its own central body capable of monitoring all commercial activity. Such a body would provide practical help as well as assistance with design, marketing, technology, management, training, etc.

Only the business community has the real know-how, practical experience and people to tackle the problems.

Bernard Miller,
16 Balcombe Gardens,
Horley, Surrey

FINANCIAL TIMES
Friday June 15 1990

EC calls for customs union with E Germany

By Lucy Kellaway in Brussels and David Buchan in The Hague

THE European Commission yesterday proposed that a de facto customs union should be set up with East Germany to safeguard the EC's external frontier after July 1.

It suggested a reciprocal arrangement should be established as soon as possible, under which East Germany would agree not to levy any duties on EC goods and, in return, the Community would give free access to East German goods.

The Commission will present its proposals to EC foreign ministers in Luxembourg next week and hopes to have the agreement in place as soon as possible. It has already talked to both East and West Germany and claims their response is favourable.

Mrs Christiane Scrivener, the EC Commissioner for fiscal and customs matters, said the proposal marked the first time that the Community had become directly involved in the process of putting the two Germanys back together.

East Germany will also become de facto a member of the so-called Schengen free travel zone between West Germany, France and the Benelux countries. In a treaty, which Bonn will effectively sign on East Berlin's behalf next Tuesday, the five Schengen states undertake to abolish all checks on people travelling across their common borders and to establish police co-operation.

Mr Piet Dankert, European affairs minister for The Netherlands, which currently presides over the Schengen group, said that it would probably take 18 months for the new treaty to be ratified. By that time, he said, it was fair to assume "the East Germans will have been able to adjust or reform their police and to have strengthened their external frontier (against non-EC states)", even if the two Germanys were not yet formally united.

The need for interim customs measures was caused by the rapid disappearance of the inner-German border, which has also been the Community's external frontier. As part of the arrangement, East Germany would apply EC duties at its frontier so that it could not be used as a back door to slip third-country goods freely into the EC. The informal customs union would run until Germany formally united.

Special arrangements were also planned for agriculture and fish, which would also be reciprocal and phased in after July 1. Here again, there would be reciprocal free trade between East German and EC produce, though East Berlin could invoke a safeguard clause if it felt its market was being swamped.

Romanians tread a painful path

Mobs undermine fragile road to democracy, writes Judy Dempsey

THE MOBS which yesterday controlled the streets of Bucharest and who continue to beat up anyone suspected of opposing the ruling National Salvation Front have seriously undermined Romania's fragile road to democracy.

The mobs, called out by President Ion Iliescu, hark back beyond the Ceausescu regime – when crowds were "rented" out from the factories to chant praise for that regime – to the inter-war period, when successive governments and the fascist Iron Guard resorted to mob rule in order to quash any opposition.

That is the one of the sad legacies which the Front has inherited but which it has failed to temper. It is the exploitation of that legacy which will make any attempt at building the country's shattered political, economic and social institutions fraught with difficulties.

Above all, by calling out the miners and workers, who beat up people with frightening enthusiasm, President Iliescu has exposed his own ambiguity towards coping with the challenge of democracy.

By equating the opposition with the enemy and by accusing them of staging a right wing coup, he has undermined his own credibility as a leader capable of guiding Romania along the road to democracy.

The popular uprising which overthrew the Ceaucescu regime has created a fundamental dilemma for both the leadership and the population: how to create genuine political and social institutions into which the country's new-found freedom can be channelled.

The Front can argue that because of its landslide victory in last month's elections, it has the mandate to exercise power as it sees fit. But even before the elections, many Romanians were again speaking about fear, phone-tapping and the return of the Securitate or secret police in a new guise. Critics said the Front were but communists in new clothes.

Today the country is led by a government seemingly intellectually incapable of tolerating a small but vocal opposition.

Signs of this intolerance emerged last January when the Front, moved quickly to fill the political vacuum by taking over the country's political and economic institutions.

This provoked considerable criticism by the students, youth and liberal intellectuals who argued that the Revolution had been hijacked by the communist-dominated Front.

They vented their frustration on the streets, where they demanded free elections and a complete dismantling of the communist system.

The Front responded with force, and the mobs ransacked the headquarters of the National Liberal Party and the Peasant Party. Then, the Front accused the opposition of staging a coup.

This week, less than a month after the Front's landslide election victory, the Government has adopted the same tactics. But in doing so, it has undermined its own moral authority as the force which could lead the country out of a century of corrupt and authoritarian rule.

The question is why the authorities chose to use such violence against a handful of demonstrators who for the past six weeks had camped out on University Square in the centre of Bucharest.

The small number of demonstrators wanted the implementation of the Timisoara Declaration, which was drawn up by a group of intellectuals in March and whose demands included the exclusion from power of senior officials who had held posts under the old regime and the end of the communist system.

Although they had little public support from the rest of the country they were an acute embarrassment to the Front. Because of their role in the Revolution, they represented a moral challenge to the (communist) status quo. It was time, they argued, to purge the bureaucracy of communist sympathisers.

The Front says that Romania needs a period of stability and consensus in order to pull the country out of economic collapse. But this can hardly be achieved without the active support and participation in decision-making by the opposition, the intellectuals and youth.

The latest violence has exposed the vulnerability and future role of the army. During the periods of mob rule in January and in February, the army stood by. They did not want to be identified with the use of force or to be politically used by the Front. Besides, the younger generation of army officers had their own grievances. They had already gone on strike demanding that the army leadership be purged of former communists who were blocking their promotion prospects and hindering reforms.

Thus the army's delay in reaching the television station on Wednesday morning testifies to the divisions between the Front and the army.

The group of students who had entered the station were thrown out by the mobs. The army arrived two hours later.

It was the same situation on the streets. While violent mobs stripped off the clothes of anyone suspected of opposing the Front, the army procrastinated.

The role and loyalty of the army is now torn between its sense of duty to restore law and order and its reluctance to use force at the behest of the Front. But if law, order and tolerance does not soon become a feature of the Romanian political scene, the army may soon be forced to take sides. The country's road to democracy has been already undermined, regardless of the side or role the army may be forced to choose.

US warns of tension in relations with Japan

By Peter Riddell, US Editor, in Washington

THE Bush Administration yesterday warned of the dangers of increased tension in US/Japan relations unless there was an end to the current stalemate in trade talks.

Mr James Baker, the US Secretary of State, is to due to meet Mr Taro Nakayama, the Japanese Foreign Minister, in San Francisco today as part of an intensified series of high level political contacts. President George Bush is also due to have talks with Mr Toshiki Kaifu, the Japanese Prime Minister, just before the annual economic summit in Houston in mid-July.

At issue is the final report of the US/Japanese talks on the structural impediments initiative, which is designed to remove rigidities in the two economies and reduce the US trade deficit with Japan.

The US side argues that Japan has stonewalled since an interim report was agreed after lengthy talks in early April. This was followed by a US decision not to cite Japan for possible retaliation under the Super 301 provision of the 1988 Trade Act.

The Bush Administration feels it has invested considerable political capital in the interim report, risking criticism from Congress. Unless there was further progress, calls for protectionist measures against Japan would be much more difficult to resist.

Ahead of today's San Francisco meeting, senior administration officials called a Washington briefing to state their "serious concern about views heard within the Japanese Government." In particular, the US side is worried that Japan is not prepared to follow up the general commitments of the interim report with more specific goals and continuing monitoring arrangements.

A senior official closely involved in the talks rejected Tokyo's proposal to name a total level of infrastructure investment in Yen terms over the 1990s. He argued that this was not specific enough compared with the US preference for a target for such investment as a percentage of gross national product (9 per cent against about 6.3 per cent now).

The US officials also rejected the suggestion, widely discussed at a recent meeting of finance ministers and officials in Paris, that Japan would still need to run a substantial current account surplus in order to channel investment funds to other parts of the world. They argued that substantial investment overseas could be consistent with a small surplus, or a deficit, and that a continued large Japanese surplus would slow down the international adjustment process.

Talks are due to resume in Tokyo on June 25 and 26. The original hope was that a final report would be produced before the Houston summit, but US officials said yesterday that the Tokyo talks could run longer and might not be the final stage.

US plea on car parts trade gap, Page 3

Efta and EC disagree over closer links

By Robert Taylor in Gothenburg

SERIOUS disagreement emerged yesterday between the European Community and members of the European Free Trade Association over plans for a closer future relationship.

The disagreement centres on Efta's determination to acquire joint decision-making in the running of the proposed new European Economic Space (EES), a grouping which would embrace the 12 EC nations and the seven Efta members.

Many EC officials see this as a severe obstacle to achieving agreement between the two blocs.

Mr Jacques Delors, EC President, was careful not to express a view on the final Efta declaration on the EES, agreed by Efta heads of government yesterday, but he told a press conference that he believed it was "possible to close the gap" between the two sides if there was a political will to do so.

However, Mr Willy de Clercq, from the European Parliament, said he thought that the joint decision-making demands of Efta were a "formula likely to create problems." EC officials in Gothenburg also expressed scepticism about Efta's negotiating position.

The EC Council of Foreign Ministers is still expected to accept the EC's negotiating mandate when it meets in Brussels on Monday.

The first negotiating session between the EC and Efta is due next Wednesday. Efta officials said that they hoped broad and comprehensive agreement on the EES could be reached by the end of this year and be fully implemented on January 1 1993 when the EC's own internal market comes into force.

In their declaration, the Efta heads of government said that an EES agreement would only be politically acceptable to them if it involved "the establishment of a genuine joint decision-making mechanism in substance and form as a basic prerequisite."

They also made it clear that a satisfactory solution would have to be found to the question of joint management and development of EES legislation before the Efta countries could take a "final position on the integration of the relevant EC legislation as a common legal basis for the EES."

This form of words is strongly supported by the Swiss Government, which will take over the Efta presidency on July 1.

The Swiss negotiators can be expected to take a tough negotiating stance, insisting that areas covered by the EES must run in parallel with the talks on the creation of joint decision-making institutions.

The EES is very much Mr Delors' own idea, mainly motivated by a desire to provide a temporary alternative to EC membership for Efta countries.

Usinor-Sacilor bids for UK steel stake

By Charles Leadbeater in London and Will Dawkins in Paris

THE PACE of international restructuring in the European steel industry seems set to accelerate after French group Usinor-Sacilor, Europe's largest producer, yesterday made a move into the UK market through an offer for a 20 per cent stake in ASD, the UK's second largest steel distributor.

The alliance, which needs clearance by the European Commission, offers Usinor-Sacilor the prospect of establishing a significant presence in the UK market. Part of the attraction is the prospect of orders from Japanese car producers opening plants in the UK.

Usinor-Sacilor's tender offer of 155p per ordinary share and 100p per preference share values ASD at about £55m ($93m).

The two companies plan to set up a steel processing centre to be controlled by Usinor-Sacilor at Barking, Essex, which will supply the car industry.

ASD has about 8 per cent of the UK steel stockholder market, with British Steel holding about 34 per cent after its recent £330m acquisition of C Walker & Sons, then the largest stockholder.

Mr Ralph Oppenheimer, ASD's chairman, said the deal was a direct response to British Steel's move, which is part of a growing trend throughout Europe for steel producers to acquire stockholders, processors and distributors.

ASD, which is quoted on the Unlisted Securities Market, is more than 70 per cent owned by Oppenheimer family interests through Stemcor Holdings.

The alliance would put the French group in pole position to take full control of ASD should the Oppenheimer family decide to sell.

Both British Steel and ASD said they hoped the deal would not lead to a UK price war.

It will, however, almost certainly lead to a realignment of allegiances. ASD takes a lot of its steel from British Steel. Steel imports into the UK, which account for 36 per cent of steel processed by stockholders, are likely to increase.

Usinor-Sacilor's move, which follows the 30 per cent stake it bought last year in stockholder Howard E. Perry of the West Midlands, reflects the increasing internationalisation of the European industry.

British Steel is on the verge of finalising its most significant move into the continent through the £105m acquisition of the Trisdorf works of Klöckner-Werke, the West German company. British Steel is Europe's second largest producer and has already built up a limited network of stockholders on the Continent, including a processing site outside Paris.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Dallas †	S	26	79	Madeira	S	21	70	Prague	T	19	66
Algiers	S	28	82	Dublin	C	16	61	Madrid	F	25	77	Reykjavik	R	11	52
Amsterdam	C	14	57	Dubrovnik	S	23	73	Majorca	F	24	75	Rhodes	S	25	77
Athens	S	29	84	Edinburgh	C	14	57	Malaga	S	26	79	Rio de Janeiro		–	–
Bahrain	S	39	102	Faro	C	22	72	Malta	S	27	81	Rome	S	23	73
Barcelona	R	17	63	Florence	F	21	70	Manchester	F	15	59	Salzburg	S	18	64
Belfast	C	14	57	Frankfurt	C	15	59	Melbourne	F	12	54	S Francisco †	S	12	54
Belgrade	T	16	61	Geneva	[illegible]	19	66	Mexico City		–	–	Santiago		–	–
Berlin	C	16	61	Gibraltar	F	25	77	Miami †	S	24	75	Seoul	C	25	77
Biarritz	C	17	63	Glasgow	C	16	61	Milan	S	21	70	Singapore		–	–
Birmingham	C	14	57	Guernsey	C	15	59	Montreal †	F	19	66	Stockholm	F	15	59
Blackpool	C	14	57	Helsinki	R	11	52	Moscow	F	18	64	Strasbourg	C	15	59
Bombay	[illegible]	32	90	Hong Kong	S	31	88	Munich	R	15	59	Sydney	F	16	61
Bordeaux	S	23	73	Innsbruck	C	17	63	Nairobi		–	–	Tangier	S	23	73
Boulogne	F	15	59	Inverness	C	15	59	Naples	S	25	77	Tel Aviv	S	28	82
Bristol	C	16	61	Isle of Man	C	[illegible]	57	Nassau		–	–	Tenerife	F	23	73
Brussels	C	15	59	Istanbul	S	23	73	Newcastle	C	14	57	Tokyo	S	27	81
Buenos Aires		–	–	Jersey	C	15	59	New Delhi		–	–	Toronto †	C	24	75
Budapest	F	24	75	Johannesburg		–		New York †	R	20	68	Tunis	S	29	84
Cairo	S	37	[illegible]	Las Palmas	[illegible]	23	73	Nice	F	21	70	Valencia	F	25	77
Cape Town	S	20	68	Leeds	C	17	63	Nicosia	S	27	81	Venice	S	25	77
Cardiff	C	16	61	Lisbon	F	20	68	Oporto	F	20	68	Vienna	S	20	68
Chicago †	R	20	68	Locarno	C	19	66	Oslo	F	17	63	Warsaw	F	22	72
Cologne	C	15	59	London	C	16	61	Paris	C	15	59	Washington †	S	20	68
Copenhagen	[illegible]	19	66	Los Angeles †	F	15	59	Peking		–	–	Wellington	C	9	48
Corfu	S	28	[illegible]	Luxembourg	C	15	59	Perth	T	15	59	Zurich	F	17	63

C – Cloudy, Dr – Drizzle, F – Fair, Fg – Fog, H – Hail, R – Rain, S – Sunny, Sl – Sleet, Sn – Snow, T – Thunder
† Noon GMT temperatures

Romanian 'vigilantes' condemned

Continued from Page 1

rioting was in progress before coming down on the Government's side.

Mr Ion Pascu, a councillor in the president's office, said that "it took quite a long time" for the army to decide whether to leave their barracks. But the Government later praised the army for its "devotion to duty."

However, the miners from the Jiului Valley near the capital – the new shock troops of the Romanian Government – proved their dedicated support of the leadership yesterday by attacking opposition activists with merciless violence.

They regained control of the University Square in the centre of the capital, which for seven weeks was the scene of anti-government protests.

Attacks appeared to occur every few minutes throughout the day when groups of 10 or 20 miners would rush towards someone suspected of opposing the Government and club them to the ground. Many were unconscious by the time they were dragged away from the scene.

Others fell to apparently random onslaught, to emerge beaten, battered and covered in blood. One man was attacked because he had long hair.

Two foreign journalists were attacked by soldiers in Victory Square. An army major stood by as his men punched and kicked them.

One woman, wearing an opposition Liberal Party badge, was beaten by about 20 miners with clubs and whips. Her clothes were violently ripped off and her bare back was left raw and bleeding. She was dragged away and her identity papers taken from her.

Many such incidents took place in the course of the day but police made no determined effort to intervene.

The miners were applauded by about 2,000 government supporters who watched and on occasion joined in.

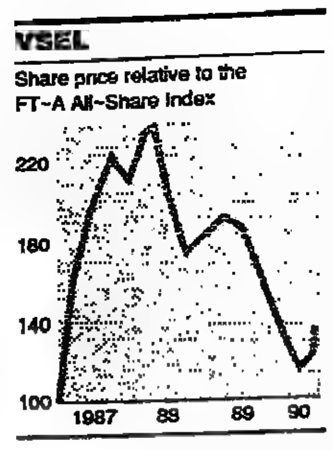
THE LEX COLUMN

The unbundling of Lord Rothschild

There is an undeniable consistency about Lord Rothschild's proposal to split up his empire. The tide of the mega-bid has receded; and if its practitioners are not to be stranded like whales, they must find other things to turn their hands to. The Rothschild/Goldsmith prescription for BAT was that it should strip itself to basics and start again. Denied the chance to do the job on BAT, J Rothschild Holdings is doing it on itself.

But the damage caused by the whole BAT adventure has been substantial. Obliged to hedge its entire portfolio in the interests of liquidity should the deal go ahead, the company ended up making a second-half loss of £0.6m. Its successor company, St James's Place Capital, claims grandly to be judged not on annual profits but on longer-term value created for shareholders. It is the less reassuring that JRH's net asset value over the past year fell by more than 8 per cent.

Once the new unit trust has been hived off, St James's will be left as a specialised and tax-inefficient vehicle with idiosyncratic investment policies and a meagre £240m to play with. It is not easy to see whom this is designed to attract besides the traditional Rothschild fan club. The principle of returning surplus cash to shareholders has everything to be said for it. The question is whether the more demanding climate of the 1990s will provide a return for the eccentric ventures which have become the Rothschild trademark.



Eurotunnel

It may seem strange that Eurotunnel's share price should close unchanged on the day the government refused to fund a high-speed rail link. The news can hardly be good for sentiment at a time when Eurotunnel is trying to drum up extra financing from the banks. But the government's dislike for subsidising the deal had been well signalled and Eurotunnel's current revenue assumptions do not assume that a link will be built until 2003. That is ten years after the tunnel is planned to open and the discounted value of any post-2003 link-related revenue must be very small in today's money. In any case, British Rail might yet be able to build the link by then, assuming that the start of the project is merely being conveniently delayed until after the next election.

As for the contractors, they have swapped the risks and potential rewards of equity participation in the link for the smaller prize of project management fees if British Rail eventually goes ahead. But they can hardly be pleased at the government's procrastination on the issue. If Mrs Thatcher wanted to encourage partnerships between the private and public sectors on infrastructure projects, this was not the way to go about it.

VSEL

The stock market's knee-jerk reaction to events in Eastern Europe by massively marking down UK defence stocks always seemed far too simplistic. Admittedly, defence can no longer be tagged as a growth industry. But as companies from Hanson downwards have found, there is still plenty of scope for making money in mature and declining industries. Yesterday's near doubling in pre-tax profits from VSEL – the UK's only submarine maker – is a case in point. It has a £3.1bn order book, its profits are rising rapidly and it is selling at less than 5 times historic earnings. As the purest of the UK's quoted defence contractors, its prospects could well be damaged by a Labour Government. But it is earning only 8 per cent on capital employed, suggesting that there is still plenty of room for improvement.

NZ Telecom

Buying NZ Telecom will leave Bell Atlantic and Ameritech, owner of Illinois Bell, well placed to sell mobile telephones to penguins if the Antarctic market takes off. Other than that, it is hard to see why these two US local telephone companies wish to pay 16 times earnings for what looks like a heavily over-staffed network in a country with a population rather smaller than that of greater Chicago.

Given the unpopularity in New Zealand of this privatisation, the new owners must tread carefully anyway in reshaping the business. Then there is the issue of finding buyers at this sort of price for the 40.1 per cent of the shares which the Ameritech/Bell Atlantic consortium intends to sell on to the public. New Zealand's two largest stocks, Fletcher Challenge and Brierley Investments, are trading on prospective earnings multiples of about eight and seven respectively. Why anyone should pay double that for NZ Telecom is not clear. While the New Zealand Government deserves congratulation, the episode adds weight to arguments that Judge Greene, who oversaw the break-up of AT&T, should lose none of his powers over the Baby Bells, including Ameritech and Bell Atlantic. Why, after all, should US customers finance such foreign forays?

Rights issues

There is nothing like a rising stock market to dull people's memories. Yesterday's £14m rights issue from Cater Allen, one of a dwindling bunch of UK discount houses, is a reminder of the thinly disguised appetite of most financial institutions for regular dollops of extra capital. Cater's record since its last rights issue – four years ago – has been miserable. Dividends have grown at snail's pace; the shares have underperformed by close to a third; and now it is asking for more money when over half of its £50m-plus disclosed capital is tied up in a business which is doing little more than breaking even.

Discount houses, as their managers never cease to remind us, stand to make a bundle when interest rates eventually fall. But often this does not make up for the sums they lose when interest rates rise. In the meantime, Cater wants some extra loot to help it diversify into more profitable businesses. Judging by yesterday's modest fall in its share price it is not having much difficulty making a convincing case. However, the last time Cater had a rights issue it was squeezed in between the likes of Saatchi & Saatchi, Rosehaugh, the Prudential and National Westminster Bank. For all the market's present robustness, any hint that any of these might reappear with a cash call scarcely bears thinking about.

FINANCIAL TIMES
COMPANIES & MARKETS

Friday June 15 1990

INSIDE

Euroc buys Spanish stake

Euroc, the Swedish building materials company, has strengthened its international position by buying a stake in Spain's biggest cement producer from the Norwegian cement group Aker. Euroc is paying SKr1.5bn ($246m) for half of Aker's 25 per cent in Valenciana de Cementos Portland in a deal designed to boost co-operation with Aker. Spain's rapidly expanding construction market plays a vital role in Euroc's strategy of creating a wide geographical base. Page 20

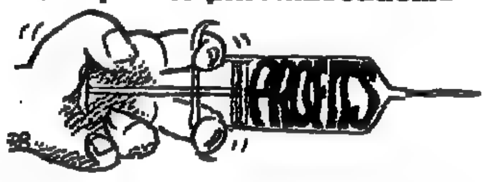
VPI passes interim dividend

VPI, the UK public relations consultancy, has lurched from crisis to crisis since New York State began a criminal investigation into the tax affairs of Don Carter, the former head of its US subsidiary. Yesterday, it announced it would not be paying an interim dividend after plunging into losses in the six months to March 31. Angus Maitland (above), chairman and chief executive, is believed to be considering merging ther group's UK interests with another company and selling Quorum Communications, the New York proxy solicitation company founded by Mr Carter. Page 26

Tesco makes bond history

Tesco, the UK supermarket chain, is making a £200m convertible bond issue — the largest to date for a British company. The issue refinances short-term debt and will also cover a £40m ($68.3m) store-opening programme this year. Tracy Corrigan looks at the Tesco offering and other new issues on the Eurobond market. Page 24

Bitter pill for pharmaceuticals



The Japanese pharmaceutical industry is going through a bad patch. Poor financial results in the year ended March have been compounded by government price cuts which will lop an average 9.2 per cent off the domestic prices. The measures are aimed at cutting the Government's drugs bill. But underlying this is the view that the price cuts are a way of licking Japanese drug companies into shape internationally, reports Delia Bradshaw. Page 21

Condom maker ahead 20%

A recovery from losses in the North American condom business has helped London International Group, the consumer products and services company, lift annual pre-tax profits by more than 20 per cent. According to Alan Woltz, the group's chairman, LIG increased its share of the condom market in parts of Europe and in the UK where its Durex brand continued to account for roughly 90 per cent of sales. Page 28

Market Statistics

Companies in this section

Chief price changes yesterday

NEW YORK ($)

Rises			
Exabyte	22 5/8	+	1
Tokos Medical	16	+	1 1/2
Falls			
Chrysler	15 1/2	–	3/8
Digital Equip.	85 7/8	–	2 1/4
IBM	120 7/8	–	1/2
Ltd Telecomms	[illegible]	–	3 1/4

PARIS (FFr)

Rises			
L'Oreal	5410	+	110
[illegible]	1582	+	123
Falls			
[illegible]	2190	–	56
Havas	657	–	11
Promodes	3655	–	265
Skis Rossignol	1000	–	58

TOKYO (Yen)

Rises			
[illegible]	2110	+	220
Hitachi Powder	1280	+	130
Marantz Japan	1500	+	150
Tokyo Cosmos	1270	+	[illegible]
Tokyo Tungsten	1900	+	170
Falls			
Taihei Paper	1650	–	150

New York prices as at 12.30pm. Frankfurt market closed.

LONDON (Pence)

Rises			
[illegible]	554	+	7
Burmah	625	+	16
Glaxo	625	+	15
Mansfield Brew.	400	+	25
Menzies (J.)	342	+	17
[illegible]	134	+	5
Reuters	1250	+	29
Rothmans		+	
VSEL	366	–	37
Falls			
[illegible]	49 1/2	–	4 1/2
Eng China Clay	333	–	11
Finlay (James)	109	–	6
Flexello CW	96	–	50
Guinness	788	–	[illegible]
Metal Box	222	–	18
Iceland Frozen	302	–	13
Midland	300	–	9
Polly Peck Intl	419	–	[illegible]
Racal Elecs	200	–	12
Speyhawk	144	–	10
Strong & Fisher	31	–	5
VPI	16	–	4

Warning highlights Philips' troubles

By **Michael Skapinker** in London and **Laura Raun** in Amsterdam

PHILIPS of the Netherlands, Europe's largest electronics group, warned yesterday that earnings for the current year would be poor. This underlines the scale of the difficulties which have already led to the early retirement of Mr Cor van der Klugt, the company's president.

In a terse statement yesterday, Philips said 1990 profits from normal activities, excluding extraordinary gains, would be "at a very low level" compared with the Fl 792m (£250m) recorded in 1989. Results for the second quarter of this year "would be appreciably lower than those for the corresponding period," when net income from normal business operations was Fl 197m, said the company.

The poor forecast came just two days after the company announced it had failed to reach agreement with Olivetti of Italy on collaboration in the computer sector. Mr Van der Klugt said earlier this year that Philips' computer business lost "hundreds of millions of guilders" in 1989. The two companies are believed to have discussed the transfer of Philips' computer business to Olivetti. Philips would have received a stake in the Italian company in return.

Analysts in London and Amsterdam said the poor profit forecast came as no surprise. After the first quarter results, when net operating income plunged from Fl 223m to Fl 6m, analysts said they expected disappointing results for the full year.

Mr Arjen Los of County NatWest Wood Mackenzie said yesterday, that of far greater importance would be the programme of action outlined by Mr Jan Timmer when he takes over as Philips president. His appointment is due to be approved by an extraordinary general meeting on 2 July.

One advantage that Mr Timmer will have is that investor expectations could not be lower. The catalogue of bad news announced before he takes office could help to make his subsequent performance look better, analysts said. "There must be an element of the new management deciding to take a big bath this year so that it makes things look better in year two," said one London analyst yesterday.

Nevertheless, Mr Los said, it would be important for Mr Timmer to act quickly. In particular, he believed, Mr Timmer would have to come up with a solution for Philips' computer business. "If Philips says it's still committed to the computer business then there's trouble ahead for the company," Mr Los said. "People just don't want the Dutch company's products. It's a market-driven rather than a research and development-driven business, and Philips is a research and development-driven company." Olivetti's reluctance to take over Philips' computer business indicated that the group might have difficulty finding another company to buy its operations.

CGE takes majority stake in N-plant company

By **William Dawkins** in Paris

COMPAGNIE Générale d'Electricité (CGE), the privately-owned telecommunications and engineering group, yesterday threw down the gauntlet to the French Government by taking majority control of Framatome, France's supplier of nuclear power stations.

The deal, agreed in principle last February but not carried out until yesterday, is a direct challenge to President François Mitterrand, who said at the end of last week that Framatome should stay in the public sector.

Framatome is strategically sensitive as the sole supplier of nuclear power stations in France. Eighty per cent of electricity in France comes from nuclear power, more than any country in the world. CGE's traditional links with the opposition Gaullist party means it has few friends in the Socialist Administration.

CGE has lifted its holding in Framatome from 40 to 52 per cent by taking the 12 per cent stake held by Dumez, the French construction group, in a complex share exchange. Until then, the public sector was the largest shareholder, with 45 per cent in the combined hands of the CEA atomic energy authority and Electricité de France, the electricity board.

"I am very content with the current situation . . . I am not asking for anything, but I am open to proposals," said Mr Pierre Suard, CGE's chairman. He stressed that the deal was for purely industrial reasons.

The Government earlier this month asked Crédit Lyonnais, the state-owned bank, to seek a solution in which other industrial investors might make an offer for CGE shares. Mr Suard said he had not yet received any formal proposition.

"There is a great convergence between the interests of Framatome and CGE," said Mr Suard. He added that he hoped for a rapprochement with CGE's subsidiaries, GEC-Alsthom in power generation and distribution, and Cegelec in electrical engineering.

He accepted that the state should continue to have a role to play in the nuclear industry at a national level. However, he argued that Framatome was in the same position as any industrial company in increasingly competitive export markets.

Mr Suard denied suggestions from Framatome's management, which is taking court action against CGE's approach, that the aim was to make use the plant builder's FFr7bn ($1.25bn) cash reserves.

J Rothschild to demerge assets in unit trust plan

By **Andrew Bolger** in London

J ROTHSCHILD Holdings, the investment company headed by Lord Rothschild, plans to demerge half its assets into a unit trust.

Lord Rothschild revealed this scheme yesterday at the same time as reporting that J Rothschild suffered a 57 per cent fall in pre-tax profits to £57.9m ($97m) for the year to March 31. Its shares fell 34p to 161p, down 17 per cent.

J Rothschild said the proposed demerger represented a further step in the board's policy of passing assets to shareholders and of structuring the group in the most efficient form available.

About half of J Rothschild's net assets, which totalled £487m on March 31, will be put into the new vehicle, Bishopsgate Growth Unit Trust. The rest will be held by J Rothschild's successor company, to be listed on the Stock Exchange as St James's Place Capital.

For each J Rothschild share, shareholders will receive one income unit in the new vehicle and one ordinary share in St James's Place Capital. If they prefer, units can be redeemed for cash at net asset value.

Lord Rothschild attributed J Rothschild's poor figures to the company's overly-bearish outlook last year, which meant it did not benefit from generally rising stock markets. Diluted net assets fell to 170.8p (186.5p) and earnings per share slumped by 64 per cent to 11.5p (32.1p). A final dividend of 5p makes a total for the year of 10p (9.5p).

J Rothschild also lost money through its involvement in Sir James Goldsmith's failed bid for BAT Industries.

Lex, Page 18

When smoke gets in your eyes

Tony Jackson reports on the effects of the failed bid for BAT

Yesterday was not a terribly good day for Lord Rothschild. His company, J Rothschild Holdings, announced it was handing £250m worth of assets back to shareholders. The market responded by knocking nearly £100m off the value of the company's shares.

It did not help, of course, that the company also announced that it had traded at a loss for the second half of its last financial year. This was partly due to being too bearish on world stock markets in the period. But above all, it was the result of the venture which last year thrust the Hon Jacob Rothschild – as he then was – even more into the limelight than usual: the attempted takeover, with his old friend Sir James Goldsmith, of the tobacco giant BAT.

The loss was apparently not due to the cost of the bid itself. According to Lord Rothschild yesterday, that cost his company only £2m. The problem was that the company had undertaken to put in at least £125m should the bid proceed. This had to be backed by its existing resources, consisting of its holdings in securities. These holdings had to be safeguarded against the fall which the company expected in the stock market; so the company spent heavily on hedging in the futures market against a collapse which never happened.

Lord Rothschild is not unduly upset by this. His object, he insists, has always been to increase asset value over the long haul. But he is also clear that giant ventures like the BAT bid will become much more infrequent in the 1990s, and that banks will be less willing to finance them.

So what now? "We will continue to be involved in the kinds of exercise we were involved in in the past – very often successfully," he says

In practice, this means reverting to highly idiosyncratic investment policies evolved over the years. Current examples include control of a cellular phone distributor, a stake in a generic pharmaceutical company and ownership of 10 per cent of North Korea's sovereign bank debt, bought at 7 cents on the dollar.

It follows that the overall scale of operations should be reduced as well. "Good investment ideas are few and far between," Lord Rothschild says. "If you spread them over £250m instead of £500m, the probabilities of higher returns increase." Hence the handing of assets back to shareholders. Of total investments worth £487m, roughly half are to be given back in the form of holdings in a new unit trust.

This is not the first time J Rothschild has done this kind of thing. Two years ago, it – less liquid ones this time – in the form of an investment trust, RIT Capital Partners. With this latest deal, it is claimed, assets worth close to £700m – not counting dividends – will have been given back to shareholders in the past five years. There is a striking parallel here with BAT. A central plank the attack on BAT was that the company had become too big for its own good. As part of its defence, BAT then gave its paper business and the Argos store chain back to shareholders.

"There is a parallel, yes," Lord Rothschild says. "We are of course custodians for our shareholders' funds, and start from the premise that surplus funds should be returned to them."

Not that this should be taken as altruism. Lord Rothschild and his co-directors are themselves shareholders to the tune of over £30m at yesterday's prices, to say nothing of options and warrants. It seems clear that they would like to extend their holdings further. Meanwhile, they invest the money as if it were their own, as indeed it largely is.

This raises a separate question. If Lord Rothschild is to continue hiving off his more conventional investments in this way, reserving the more entrepreneurial ventures for the master company, why not go private?

"It's a good question. We are where we are. We invited the public to be shareholders together with ourselves many years ago, and we feel that invitation should not be rescinded."

Yesterday's 17 per cent collapse in the share price suggests one or two shareholders may have regretted accepting the invitation. But they will be in a minority. The share register has always consisted largely of like-minded admirers. The chances are it will stay that way.

Digital shares fall sharply after warning on profits

By **Louise Kehoe** in San Francisco

DIGITAL EQUIPMENT'S share price dropped sharply yesterday when the US computer maker said that fourth-quarter results would not meet analysts expectations and that international sales, particularly in the UK, had slowed.

"The US market continues to be sluggish for us, and certain international markets are experiencing softness – such as the United Kingdom where high interest rates are cutting business expansion. Because of these factors, external forecasts of this quarter's earnings would appear to be too optimistic," said Mr James Osterhoff, Digital's vice president of finance.

The UK represents one of Digital's largest overseas markets, Digital said. "With the US and the UK both slow, our two largest markets are down," it said. Digital had noted a pickup in UK sales during the previous quarter, but this had now dissipated under pressure from high interest rates, he added.

Like other US computer manufacturers, Digital had previously noted slowing growth in the US market. Strong European sales have so far, however, buoyed total sales. Softening of international sales therefore comes as a serious disappointment for Digital and may signal slowing sales for other computer makers.

Digital's share price fell to $85 3/8 from an opening of $88 1/8 in heavy trading on the New York Stock Exchange yesterday morning.

Analysts had been projecting earnings of $1.55 to $1.80 per share for the current fourth quarter, but these estimates were "too optimistic," Digital said yesterday.

In the year-ago fourth quarter, Digital reported net income of $313.2m, or $2.51 a share, on revenue of $3.49bn.

Over the past few months, Digital has offered early retirement incentives to reduce its workforce. It has also taken other cost-cutting measures.

Competition inquiry into UK razors

By **Maggie Urry** in London and **John Burton** in Stockholm

THE RAZOR and razor blade market is the latest sector to be sent to the Monopolies and Mergers Commission for investigation. The referral yesterday follows a financial tie-up between the two leading players in the UK market, Gillette and Wilkinson Sword.

The move was unprecedented in that two references were made simultaneously. These were:

- a merger reference of the leveraged management buy-out of Swedish Match, which owns Wilkinson Sword, because Gillette, the US-based razor and toiletries manufacturer, has taken a financial interest in the buy-out;
- and a limited monopoly reference of the wet shaving products market reckoned to be worth about £74m ($123.5m). Gillette has an estimated 56 per cent of the market by value, while Wilkinson Sword has 24 per cent.

The mergers commission must report on both by December 12.

Sir Gordon Borrie, director general of the Office of Fair Trading (OFT), said: "I am concerned that these arrangements [Gillette's interest in Swedish Match] will deter Gillette and Wilkinson Sword from competing as effectively as possible in the UK market for wet shaving products."

Gillette said yesterday it was surprised by the reference. It said the financing structure "precludes Gillette from having any ability to partake in or influence the Wilkinson Sword blade and razor business." Gillette's interest runs to a 21.9 per cent non-voting equity stake in the Swedish Match buy-out and $68.9m (£41m) in mezzanine finance, which represents 12.6 per cent of the buy-out debt.

Gillette went on to say: "Gillette and Wilkinson Sword will continue to be competitors and the transaction will have no effect in the already highly-competitive UK market." It said it was confident it could convince the mergers commission, but if necessary would be ready to offer undertakings.

Mr Massimo Rossi, president and chief executive of Swedish Match, said yesterday that he regarded the review by the commission as a "routine matter." He added that he was "confident that no further action will be taken" after the review.

Swedish Match, which also makes matches and lighters, was bought by management from Stora, the Swedish paper group, at the end of last year for $650m. At the time Swedish Match arranged to sell on Wilkinson Sword's non-EC interests to Gillette, for $70m.

The US Justice Department later forced Gillette to sell back Wilkinson Sword's US business to Swedish Match. This was to prevent Gillette from increasing its already large share of the US market.

Mr Rossi also said that talks were continuing about selling the match and lighter arm of Swedish Match to an unnamed party, although he did not rate the chances at more than 50 per cent.

INTERNATIONAL COMPANIES AND FINANCE

Swiss watch group posts 67% surge in earnings

By William Dullforce in Geneva

SMH, the big Swiss watchmaking group born from a shotgun merger in 1984 when the Swiss industry was in crisis, recorded a 67 per cent surge to SFr175m ($122m) in net consolidated earnings last year, by far the largest advance in five years of steadily increasing profitability.

The result per share jumped to SFr53 from SFr32 and the board of the parent company proposes to raise the dividend from SFr8 to SFr11 per share and participation certificate.

Gross turnover climbed by 16.2 per cent to SFr2.15bn and, as Mr Nicolas Hayek, chairman and chief executive, said yesterday, SMH continued to win market shares worldwide at the expense of its Japanese competitors.

Boosted by the success of the Swatch, the cheap, colourful, mass-produced plastic watch, and by a thorough reorganising in the production and marketing of its more expensive watch brands, SMH has raised its cash flow from SFr87m in 1984 to SFr255m last year.

Difficulties had been encountered on some markets last year, notably in the US where the watch business as a whole had been affected by the debt problems of some big retailing chains and stock market attitudes to their shares.

Spanish bank chairman named

BANCO HISPANO Americano, one of Spain's big commercial banks, yesterday named Mr José María Amusategui de la Cierva, as its new chairman following the resignation of Mr Claudio Boada, who has run the bank since 1985, writes Peter Bruce.

Mr Amusategui, a close friend of the retiring chairman, joined the bank with Mr Boada as deputy chairman and managing director. Both men made long careers in state industries and Mr Amusategui remains deputy chairman and a director of Telefónica, the state telephone company.

Danish finance alliance is first for Nordic region

By Hilary Barnes in Copenhagen

THREE Danish financial service groups have announced an alliance which, if all goes well, will later become a group able to offer a comprehensive range of banking, insurance and mortgage credit services.

It is the first formalised alliance of its kind in the Nordic region.

The three are Unibank (formed earlier this year from a merger between Privatbanken, SDS and Andelsbanken), mortgage credit association Nykredit and insurance company Tryg, which is Denmark's third largest insurer by premium income.

Nykredit and Tryg announced at the same time that they intend to merge from January 1 1991.

If the three do form a group, it will have equity capital of DKr39bn ($6bn) and total assets of around DKr630bn. They said the aim was a strategic alliance over a short period of years and the formation of a financial group later.

Unibank has stolen a march on its rival bank, Danske Bank, with yesterday's announcement. Unibank already has a holding company structure, which will facilitate an eventual merger with Nykredit and Tryg. Danske has yet to adopt a holding structure.

Nykredit is one of three bond-issuing general mortgage credit associations. The other two are Kreditforening Danmark and Byggeriets Realkreditfond. The other leading insurers are Baltica, Hafnia and Topdanmark.

Under Danish law, banks, insurance companies and mortgage credit associations can only carry out their own type of business, but a diversified financial services group can operate if the arms are subsidiaries of a holding company.

Hafnia takes 28.7% of Baltica

By Hilary Barnes

HAFNIA Holding, the big Danish insurer, has acquired a 28.7 per cent stake in its domestic rival Baltica Holding, making it the largest shareholder in Baltica, Hafnia announced yesterday.

Hafnia repeated an earlier statement saying that it regarded its holding in Baltica as a financial investment. Hafnia's supervisory board chairman told a shareholders' meeting earlier this week that Hafnia was not interested in a merger with Baltica, and Mr Peter Christoffersen, Baltica's chief executive, repeated yesterday that he is not interested in discussing a merger either.

Baltica's irritation, however, was evident from a statement pointing out that Hafnia's acquisition was made without any prior consultation with the management board of Baltica.

Baltica said Hafnia would not be able to influence the operations of Baltica through share acquisitions and that it will continue to develop.

A stake of over 25 per cent can be used to block decisions by the shareholders meeting, such as a decision to increase share capital, but Mr Christoffersen said he understood that Hafnia has indicated it will not use its stake for this purpose.

"I do not really understand what Hafnia is about," said Mr Christoffersen. "They must have great confidence in our ability to run a business, as with such a big investment in Baltica, Hafnia's share price will be dependent on how we perform."

Ban on Gatoil sale lifted

A GENEVA court yesterday removed the ban it had placed on the sale of Gatoil, Switzerland's fourth largest oil company, to Tamoil (Suisse), a Libyan-controlled consortium, for SFr201.25m ($140m), writes William Dullforce in Geneva.

The court suspended execution of the sale shortly after it had been announced on June 1 after rival joint bidders, Elf Aquitaine of France and Agip of Italy, had protested that irregularities had occurred under the bidding rules laid down by Gatoil's administrators.

Oilinvest, Tripoli, wholly owned by the state of Libya, holds 65 per cent of Tamoil (Suisse), with the remaining 35 per cent held by Sasea, a Swiss investment company with strong Italian links.

Sasea said yesterday that Tamoil had already taken all the steps necessary for executing the takeover of Gatoil. Lawyers for Elf Aquitaine said they were considering a further appeal.

Gatoil, which controls or has supply contracts with about 300 petrol stations in Switzerland and owns its second biggest refinery, was put into the hands of administrators after Mr Khalil Ghattas, its Lebanese-born owner, had been arrested in March last year. He was later extradited to West Germany where he faces charges of improper business practices laid by Klöckner, a Germany company which took a heavy loss on oil trading in 1988.

SAE fights off Pelège approach

By William Dawkins in Paris

SOCIETE Auxiliaire des Entreprises (SAE), the leading French housebuilder, was yesterday trying to fight off an unwelcome encroachment from the Pelège property development group.

Mr Jean-Claude Jammes, SAE's chairman, met Mr Michel Pelège, chairman of the group which bears his name, yesterday in the latest of several attempts to find a peace compromise.

The dispute came to a head this week when Pelège lifted its former 20 per cent stake in SAE to 25 per cent, strengthening its position as the largest single shareholder.

Paris poised to rule on acquisition of Pathé

By George Graham in Paris and Alan Friedman

MR PIERRE Bérégovoy, the French Finance Minister, is expected to decide today whether to allow the acquisition of Pathé Cinéma, the French films company, by Mr Giancarlo Parretti, the Italian financier.

The decision will come on the same day that Mr Parretti's Pathé is supposed to complete its $1.2bn tender offer for MGM/UA, the Hollywood studio. Time Warner, the media conglomerate that is lending $650m to Pathé for the MGM deal, is understood to be monitoring closely the French minister's statements.

Mr Parretti, who already controls 46 per cent of Pathé, has agreed to buy a further 52 per cent from the Rivaud banking group on a price that values the cinema company at around FFr950m.

The deal has run into fierce opposition in France, however, both from those who wish to defend the national film industry and from others who question the origins of Mr Parretti's money.

Mr François d'Aubert, an opposition MP, has called for a commission of inquiry, and has asked stock exchange regulators to investigate Mr Parretti for publishing "false financial information."

"It is lamentable that one of the flowers of French cinema should fall into the hands of an Italian businessman who is in fact a sort of adventurer of international high finance and who has just been condemned in Italy to three years and 10 months of prison for fraudulent bankruptcy," Mr d'Aubert said.

The French minister has already once blocked the takeover of Pathé by a group led by Mr Parretti, on the grounds that the acquirer, largely funded from Switzerland, was not from the European Community. He was forced by the European Commission to back down, but inflicted on Mr Parretti the heaviest fine ever levied by France for exchange control violations.

In Beverly Hills yesterday, Mr Parretti could not be reached for comment.

Euroc buys 12.5% of Spanish cement maker from Aker

By John Burton in Stockholm

EUROC, the Swedish building materials group, yesterday acquired 12.5 per cent of Valenciana de Cementos Portland (CVCP), Spain's biggest cement company, from Aker, the Norwegian cement group, in a SKr1.5bn ($245m) deal.

The transaction, which affects half of Aker's 25 per cent stake in CVCP, is designed to strengthen the international co-operation between Euroc and Aker.

The two companies in 1986 formed Scancem in order to acquire jointly cement companies outside the Nordic region. CVCP was Aker's only foreign operation in which Euroc did not have a stake.

The Iberian peninsula, with its rapidly expanding construction market, is considered a key step in Euroc's strategy of creating a wide geographical base for its operations. This would help it weather any cyclical downturns in individual markets and guarantee a consistently high use of production capacity.

Scancem, which is now Europe's fourth largest cement producer, jointly owns Castle Group, the UK's second biggest cement maker, and also runs cement and concrete operations in the US and West Africa. The joint Euroc and Aker shareholdings in CVCP will be held by Castle Holding, a subsidiary of Scancem.

Euroc said the acquisition will slightly reduce its return on capital and profit per share in the short term. It reported a 33 per cent rise in profits after financial items to SKr1.08bn on sales of SKr11.2bn in 1989.

The deal comes almost three months after Aker ended a brief battle with Banco Espanol de Credito (Banesto) for the control of CVCP. The dispute was triggered in November when Aker, which has had an interest in CVCP since the early 1970s, increased its stake to 25 per cent. This blocked Banesto's plans to merge all its cement interests into a new industrial group.

A compromise was reached in which Banesto obtained Sanson, a CVCP subsidiary, in return for selling its remaining interests in CVCP.

Separately yesterday, Aker announced unchanged profit before extraordinary items of NKr55m ($8.47m) for the first four months of 1990. Turnover was NKr4.5bn from NKr4.52bn.

MoDo reports profits for four months down 18%

By John Burton

MODO, Sweden's third largest pulp and paper company, yesterday reported that profits after financial items fell by 18 per cent to SKr567m ($92.8m) during the first four months of 1990.

It warned that results for the year will be lower than the decline registered in the four month period.

Sales remained almost unchanged at SKr6.3bn, while operating profits fell by 22 per cent to SKr795m.

MoDo is being affected by the same adverse factors that are harming the results of other Swedish forestry companies. These include an increase in production capacity for newsprint, magazine paper and fine paper, falling prices for pulp, and high production costs in Sweden.

MoDo is particularly vulnerable to these market developments since it has concentrated on pulp and paper production, unlike its two bigger domestic rivals, Stora and SCA, who have diversified into related wood-based consumer products.

Two bright spots for MoDo, however, are rising prices for paperboard and sawn timber products. Mr Bernt Löf, president, said he was not disappointed with the results when measured in a global perspective since most US and Canadian forestry concerns had reported sharper falls in profits during the first quarter of this year.

Procordia increases earnings by 40%

By John Burton

PROCORDIA, the Swedish pharmaceutical and food group, yesterday reported a 40 per cent increase in profits after financial items to SKr796m ($130m) during the first four months of 1990. Sales climbed by 9 per cent to SKr6.8bn.

The Swedish state-controlled concern said it was difficult to make a forecast for the year since it is scheduled to merge soon with Provendor, the food division of Volvo, and Pharmacia, the pharmaceutical company also controlled by the Swedish motor vehicle maker.

Volvo in return will share ownership of Procordia with the state, each having a 42.5 per cent stake. The new Procordia would have annual revenues on a pro forma basis of SKr37bn compared with SKr20.5bn in 1989.

Mr Pehr Gyllenhammar, Volvo chairman, was elected chairman of Procordia at a special shareholders' meeting yesterday. The new vice-chairman will be Mr Stig Malm, the head of Sweden's biggest trade union confederation, LO. Other new board members include Mr Christer Zetterberg, the new Volvo president, and Mr Ulf Linden, a former Volvo executive.

Procordia said operating profits rose by 54 per cent during the four-month period. Its pharmaceutical operations reported a profit increase of 61 per cent to SKr412m, while its consumer products division, which includes drinks, food and tobacco, registered profit growth of 23 per cent.

Mondadori talks fail

TALKS between industrialist Mr Carlo De Benedetti and Mr Luca Formenton, who are battling over control of publishers Mondadori, failed, as expected, to produce a compromise, Reuter reports from Rome.

Both appeared before arbitrators reviewing a dispute over the Formenton family's sale of a 25.7 per cent stake in Mondadori parent Finanziaria to Mr Silvio Berlusconi.

INTERNATIONAL COMPANIES AND FINANCE

Long-term benefits from Japan's bitter pill

Della Bradshaw assesses the fortunes of the drug companies after poor year-end results

AN ILL WIND is blowing through the Japanese pharmaceutical industry. It has already shown up in distinctly poor financial results for the year which ended in March. But worse is yet to come.

Swingeing government price cuts which came into effect in April will lop an average 9.2 per cent off the prices the companies are paid for their drugs in their home market. As a result, returns for the forthcoming year could be badly hit, with a worst case scenario that up to 10 per cent will be chopped off the bottom line for 1990-91.

Ostensibly, the government move is aimed at cutting its drug bill. But underlying this is the view that the price cuts are a way of licking Japanese drug companies into shape and making them better equipped to compete in the lucrative international pharmaceuticals market place. Squeezed at home, the only way for them to make a healthy profit, the argument goes, is for them to sell overseas.

Japan's big drug companies – such as Fujisawa, Sankyo and Yamanouchi – are already on the move, and over the past two years have set up joint ventures or overseas operations. However, only 3 per cent to 4 per cent of the total production from Japanese drug makers is exported, according to the Japan Pharmaceutical Manufacturers Association (JPMA), which represents the largest pharmaceutical companies.

A few Japanese groups have also developed drugs specifically for the international market, such as Fujisawa, which has developed an immunosuppressor, designed to prevent transplant patients from rejecting their new organs. The drug is aimed specifically at patients in the US and Europe: in Japan ethical considerations mean transplant operations are rarely performed.

But in terms of innovation, Japan's drug makers still lag behind their US and European counterparts, says Mr Alastair Kilgour, pharmaceutical analyst at BNP Securities. Many of them, such as Shionogi, depend on antibiotics for the bulk of their revenues. Only recently have they begun to develop cardio-vascular products or drugs to treat senile dementia – a growing problem for Japan's ageing population.

Mr Kilgour believes that in five or 10 years' time Japanese drug companies will be important international players, but unlike the electronics or motor industry that will not put the business of their western counterparts under threat.

"The differences in the market will prevent that," says Mr Kilgour. "There is an almost infinite market out there as people live longer and the type of diseases that affect them change."

Meanwhile, the most pressing problem for the Japanese companies and their Western counterparts alike – drugs made by all the leading international pharmaceutical companies are sold in Japan – is the new price controls.

The price cuts have already affected the financial results reported for 1989-90 as the hospitals, eager to take advantage of the lower drug prices introduced in April, ran down their ordering and cut stocks at the end of March. This was compounded by a similar situation in April 1989, when the Government introduced a 3 per cent consumption tax. The hospitals tried to avoid paying this by stocking up at the end of March 1989.

> 'The most pressing problem for Japanese companies and Western rivals is price controls'

As a result Japan's top-seven pharmaceutical companies reported an average sales increase of just 0.9 per cent, and a decline in profits of 3.3 per cent.

Despite this year's bad showing, the Japanese pharmaceutical groups have had a cosy life. Their home drug market is the second largest in the world, after the US, with annual sales of $20bn – compared with $30bn for the whole of western Europe. Recent years have been boom years, with a growing demand from an increasingly health-conscious Japanese consumer for prescribed drugs, says Mr Tetsuro Niiya, JPMA managing director.

Until recently, Japanese companies had the market largely to themselves, with imports accounting for just 7 per cent to 8 per cent of the total market, according to the JPMA. Only now, following a lowering of the regulatory barriers, are many of the world's largest pharmaceutical corporations establishing their own Japanese operations.

The complexity of the government price control mechanism reflects the complexity of the Japanese drug distribution chain, in which the pharmaceutical companies sell to distributors and they in turn sell to hospitals and clinics at a discounted rate. The hospitals then claim back the cost of the drugs from the insurance companies (often run by the government health department) at a price fixed by the Government.

So far, so good. But at the centre of the price cut controversy is the size of the discount distributors give to the hospitals. The bigger the discount, the bigger the profit that the doctors can pocket when they are reimbursed.

Vociferous critics of the distribution procedure say the whole system should be scrapped. They point to the inherent flaws of a system in which one of the quickest ways for a doctor to become rich is to over-prescribe.

On average the price cuts come every two years. But this year the companies have been surprised by their severity and are complaining that they will affect their ability to invest in research and development for new drugs at a time when costs are spiralling upwards.

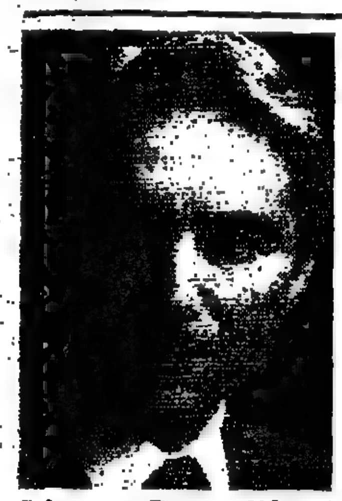
One mitigating factor may be the Government's decision to increase the doctors' consultation fees by 3.7 per cent. Mr Shigeru Mishima of S.G. Warburg Securities in Tokyo believes this will allow the distributors to reduce the rate of discount, so bolstering profits for the pharmaceutical companies, which otherwise would bear the brunt of the cuts.

Although all the big Japanese companies pay lip service to the need to export their drugs, many are equivocal and seem happy to let things ride. As Mr Toshiaki Shigeuchi of Tanabe Seiyaku puts it: "We hope to go outside Japan. But the Japanese market is very large so we think our effort here is very important."

An ill wind traditionally means bad news for everyone concerned. In this case it may well be the long-term catalyst to make Japan's manufacturers as powerful in pharmaceuticals as they are in other industries.

Inter-Continental to switch HQ to London

By David Churchill, Leisure Industries Correspondent



John van Praag: did not rule out joint ventures

THE Inter-Continental hotel chain is relocating its headquarters from the US to London as part of its drive to expand further into Europe, especially the newly-opened East European markets.

The move, announced yesterday, will mean a loss of 175 head office jobs at the existing headquarters in Montvale, New Jersey, and a saving of $20m.

At the same time the company has appointed Mr John van Praag as chief executive, replacing Mr John Calvert who has decided to stay in the US.

Mr Van Praag has been a member of the management board of Saison Overseas, the hotel operating subsidiary of Seibu Saison, the privately owned Japanese leisure conglomerate.

Saison acquired the 112-strong Inter-Continental chain from the Grand Metropolitan brewing group for $2.15bn in late 1988. In April last year it sold off a 40 per cent stake in the company to Scandinavian Airline Systems (SAS) for $500m.

Inter-Continental hotels, which had until 1981 been owned by Pan American airways, is aiming at the up-market business and leisure traveller and the hotels are especially popular with travelling Americans.

The decision to relocate the headquarters to London reflects both the importance of Europe in the international hotel industry and the pivotal role now played by British companies. Bass, for example, now owns the Holiday Inn business worldwide, the world's largest hotel chain, while Ladbroke Group owns Hilton International hotels outside the US.

Mr Van Praag said yesterday that Inter-Continental was looking for sites and management contracts throughout the main business centres in Europe. He also did not rule out further joint ventures or acquisitions to broaden Inter-Continental's range of hotels.

Apart from the Inter-Continental chain, the company also operates a number of lower-priced Forum hotels aimed at younger business travellers.

Inter-Continental has been represented in Eastern Europe, through franchised hotels owned by local companies, since the 1970s. It has hotels in Belgrade, Bucharest, Budapest, Bratislava, Krakow, Prague, Warsaw and Zagreb.

Taiwanese foods company leads Chinese venture

By Peter Wickenden in Taipei

WEI CHUAN Food, Taiwan's second largest food processor, plans to head a $1bn joint venture in China with Sampo Electrical, Concord Construction and seven other Taiwanese companies.

Concord said the 10 have decided in principle to develop land on Hainan island into an industrial zone. Concord will form a subsidiary for this purpose, making it the first Taiwanese construction company to make inroads into the mainland Chinese market. Mr Zheng Guo-hwa, managing director, said the market was large and the risk low.

Led by a member of Taiwan's parliament, executives from the 10 companies are to visit the site in July and try to negotiate a 70-year lease. Local regulations only allow 50 years.

Wei Chuan is to provide more than half of the $1bn initial investment, the rest being split between Sampo, Concord and companies in the securities, automotive, construction and textiles industries.

Wei Chuan is a big producer of powdered and fresh milk, canned drinks, noodles and monosodium glutamate. Sampo, 8 per cent owned by Sharp of Japan, is a large producer of electrical appliances.

Philseco stake to be auctioned

A CABINET level committee on privatisation yesterday directed the Asset Privatisation Trust to sell the Government's share in Philippine Shipyard & Engineering Corp (Philseco), AP-DJ reports from Manila.

The Philippine Government holds a 95.7 per cent stake in Philseco, which it intends to auction at a floor price of 755m pesos ($20m), while Japan's Kawasaki Heavy Industries (KHI) holds the remainder. Philseco is a ship-repair facility which lies close to the US Navy's Subic naval base in Zambales province. The trust will allow KHI to exercise a right of first refusal if it tops the winning bid by 5 per cent.

INTERNATIONAL COMPANIES AND FINANCE

Telefónica ready to bid for Telemex

TELEFONICA, the state-controlled Spanish telecommunications group, is poised to bid for Mexico's Telemex telephone company once the terms of the latter's partial privatisation are released, writes Tom Burns in Madrid.

Mr Candido Velazquez, chairman of the Spanish utility, said yesterday he expected the Mexican Government to offer 20 per cent of Telemex to a joint venture formed by a Mexican financial institution and a foreign telecommunications company.

Telefónica is also studying the privatisation of Teleconorte and Telecosur, the two Argentine telephone companies, which are due to sell off 60 per cent of their shares and will each offer a 10 per cent tranche to a foreign operator.

In March the Spanish company bought a controlling interest in Compania de Telefonos de Chile (CTC) from Mr Alan Bond, the Australian financier.

Mr Velazquez is due today to announce 1989 net profits of Pta68.8bn ($656m), an increase of 9.6 per cent.

Baby Bells cross world to capture a Kiwi

Roderick Oram and **Hugo Dixon** on the US telephone companies' expansion strategy

Stymied by restrictions on their activities at home, the seven regional US Bell telephone companies are scouring the world for business opportunities.

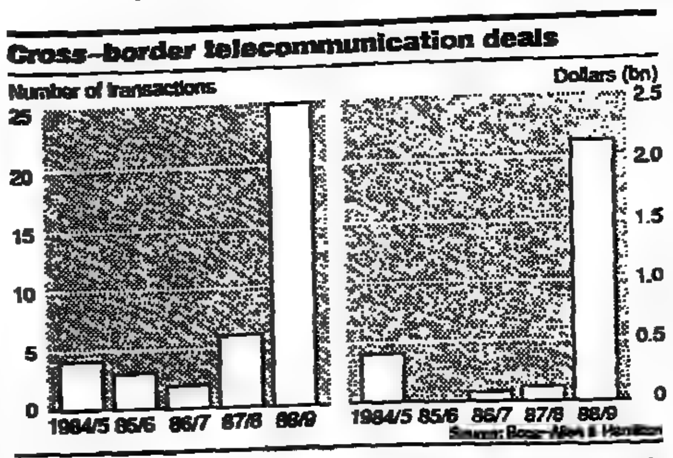
The NZ$4.25bn (US$2.4bn) purchase of Telecom Corporation of New Zealand by Bell Atlantic and Ameritech announced yesterday is the most ambitious and costliest Bell foreign purchase to date, but is typical of the broad strategy all seven are pursuing in differing forms.

They are seeking ways to do abroad what they are barred from doing in the US – to capitalise on their home-grown skills and participate in the globalisation of the telecommunications industry.

Buying a modern, full-service telephone company will allow the US partners in New Zealand to "show what we can do," said Mr Raymond Smith, chairman of Bell Atlantic.

As in the US, they will provide local telephone services. But, unlike in their home operations, they will also be involved in long-distance and information services and the design and manufacture of equipment.

The progressive deregulation and privatisation of telecommunications markets has offered them opportunities for diversification that were not available two or three years ago. The world telephone industry, which has been organised on strictly nationalistic lines, is restructuring itself on a global basis.



The Bells' high productivity and modern networks put them in a good position to take advantage of this process. But British Telecom, the UK's Cable & Wireless, Spain's Telefónica and other US telephone companies such as American Telephone and Telegraph, MCI, US Sprint and GTE are also racing to turn themselves into global companies.

The Telecom NZ deal has financial attractions. Mr Smith reckons his consortium is buying the group for about 10.5 times its 1991 earnings, while shares in his company and other regional Bells are typically selling for about 15 times earnings. The partners could also profit from selling 40 per cent of Telecom NZ to the public over the next three years, as required by the New Zealand Government.

Although the Bells are seeking such foreign opportunities for the financial reward, they are also motivated by curbs at home. The seven companies were created six years ago to handle the local phone services spun off from AT&T.

AT&T accepted the break-up so it could continue to operate long-distance services and get into new unregulated businesses such as computers from which it was previously barred.

The document codifying the break-up, called the Modified Final Judgment (MFJ), includes a variety of restrictions designed to stop the Bells abusing their regional monopoly power. Particularly, they cannot offer long-distance and international services, generate the data for electronic information services or manufacture equipment.

Because the break-up of AT&T was overseen by the anti-trust division of the Justice Department, the MFJ is administered by the federal courts in the person of Judge Harold Greene in Washington.

Pressure is building in Congress and at the Federal Communications Commission, the industry's main regulatory agency, to wrest back control over these areas from the courts. Many argue that the continuing restrictions are deterring the Bells from investing in development of the US telecoms infrastructure.

Most Baby Bells' overseas activity has been in mobile communications and cable television, with US West and Pacific Telesis leading the way.

US West is part of the consortium awarded the cable television franchise for Hong Kong last year. It has also been involved in a so far unsuccessful attempt to construct a fibre-optic cable across the Soviet Union. The company has cable TV operations in the UK, and stakes in mobile communications licences in the UK and Hungary.

Pacific Telesis is also part of the UK cable industry and mobile communications in West Germany and the UK.

The Telecom NZ deal is the first significant example of the Bells moving into basic telecommunications abroad. The acquisition raises the question of how Ameritech and Bell Atlantic will overcome the provisions in the MFJ banning them from providing international services into or out of the US.

The Bells have battled with Judge Greene on this issue in the past.

With Telecom NZ, Ameritech and Bell Atlantic have promised to create a separate company, run by local New Zealand partners, which will be responsible for international calls between New Zealand and the US. It is unclear whether this type of Chinese wall will meet Judge Greene's approval.

Finding a way through the regulatory barriers on international services is important for the whole Bells' diversification strategy. The attraction of buying a foreign telephone company will be severely limited if they are unable to enjoy the earnings from the most profitable side of the business.

Mexico and Argentina are close to deciding to which bidder they will sell their telephone companies. Venezuela, Peru, Bolivia and Uruguay are considering privatisation. There may also be opportunities to buy stakes in eastern European companies.

The real jewels, however, are in the newly industrialised countries in the Far East because these do not have the financial problems of Latin America or eastern Europe. Singapore Telecom is being privatised this year and both Taiwan and South Korea are contemplating the same move.

Chase to sell HQ in shake-up

By Alan Friedman in New York

CHASE Manhattan, the second largest US commercial bank, conceded yesterday that high overheads and weak demand for its corporate lending services would lead to a substantial restructuring that was likely to see the sale of several hundred million dollars worth of assets and potentially sizeable redundancies.

The Chase restructuring, which awaits the conclusion of an internal review, will include an attempt to sell off its operational headquarters building at No 1 New York Plaza in lower Manhattan.

This could fetch $150m to $200m depending on the vicissitudes of the local property market.

The bank, which suffered a $665m loss in 1989 and a 67 per cent tumble in net profits to $44m during the first quarter of 1990, denied reports suggesting that as many as 3,200 jobs, or 8 per cent of the workforce, might be cut.

"The numbers have not been decided yet. We are looking at the entire operation to see where cuts can be made," Chase explained.

Chase defined the likely restructuring as "a pull-back in terms of numbers of people and the sale of assets in some specific areas on the wholesale side of the bank." It is understood that Chase is considering the sale of some properties in Europe as well.

Mr Michael Esposito, Chase's chief financial officer, was quoted yesterday as saying that the entire wholesale side of the bank "needs work." In particular, he said, Chase needed to better balance its revenues with expenses. "We are clearly of a mind to dispose of properties."

Further loss hits parts maker

By Bernard Simon in Toronto

MAGNA International, the troubled Canadian automotive parts maker in the middle of a comprehensive restructuring, has suffered another quarterly loss and has suspended dividends on its common shares.

The loss in the three months ended April 30 was C$6.4m (US$5.5m) or 23 cents a share, compared with earnings of C$7.6m or 27 cents a share a year earlier. Sales fell to C$517.6m from C$541.7m, reflecting the slowdown in the North American motor industry.

Losses in the first nine months of fiscal 1990 total C$203m or C$7.30 a share, compared with earnings of C$26.2m or 92 cents a share last year. The loss includes a second-quarter writedown of C$153m.

Another set of poor results is expected for the fourth quarter as a result of the weak market, restructuring costs and some unprofitable contracts. But Magna said its performance should improve in fiscal 1991 as some of the loss-making contracts would be phased out.

Magna is in talks with its lenders to restructure C$1.1bn worth of debt. It said it was in the process of finalising a standstill agreement.

Other steps being taken to put the business on a more even keel include the sale of several divisions, a curtailed capital spending programme, and selective joint ventures. The company raised C$26.4m from various disposals in the latest quarter.

Improvements in working capital, including reduced inventories, generated C$112m in cash.

Cash flow from operations expanded markedly in the past three months.

Placer Dome set to win Stikine as gold price falls

By Robert Gibbens in Montreal

AS GOLD prices dropped to a four-year low yesterday, Placer Dome appeared headed for victory in the contest for Stikine Resources, the Vancouver exploration company which owns half of the Eskay Creek gold property in north-west British Columbia.

Placer says that on June 19 it will buy any Stikine shares tendered at less than its C$67.50 a share cash offer of May 28. The offer values Stikine at C$230m (US$197m).

Corona Corp, the Toronto mining and financial services group, made a share exchange offer worth C$76 a share nearly two weeks ago, but the fall in bullion prices has reduced its value to below Placer's bid in cash or 3.5 shares of Placer.

Mr David James, analyst with Richardson Securities of Canada, said Placer was likely to gather more than 50 per cent of Stikine.

Placer holds 5.2 per cent of Stikine and Corona indirectly controls about 20 per cent.

● Placer Pacific, 75.8 per cent owned by Placer Dome, is considering writing down some of its investment in its half-owned Big Bell gold mine in Western Australia, Reuter reports from Sydney.

The mine has not lived up to expectations since it started in February 1989. Placer now plans a shallower pit at Big Bell. The changes will knock two years off the life of the open pit, originally projected to last until 1996.

INTERNATIONAL CAPITAL MARKETS

UK bonds advance strongly for third consecutive day

By Andrew Freeman in London and Janet Bush in New York

THE UK Government bond market rose steeply for the third day running in early trading, with issues gaining up to a point across the board. Traders said an acute shortage of paper was evident following the strong price rises earlier this week on the back of speculation about the timing of UK entry into the Exchange Rate Mechanism.

INTERNATIONAL BONDS

Unemployment and average earnings figures had little effect, but were interpreted by analysts as broadly positive indications that the UK economy was responding to the high interest rate environment. Underlying average earnings in the year to April were virtually static at 9¾ per cent, defying predictions that wage rates would show an increase.

Towards the close, prices eased to finish around ¾ point higher on the day. The benchmark 11¾ per cent gilt maturing in 2003-07 was trading at 102¾ to yield 11.3 per cent. Analysts said the lack of domestic selling was curious, given that the market was now looking expensive compared with the UK inflation rate.

■ THE German market was closed yesterday for an official holiday. However, there was active trading of the bund future in London. The contract rushed 60 pfennigs higher to 82.64, pushing briefly beyond what had been predicted as a key resistance level. Trading was choppy and the price dropped to 82.08, before rallying towards the close at around 82.50, a gain of 28 pfennigs. Turnover was around 33,000 bargains.

■ IN Japan, government bonds eased on profit-taking after a firm morning session in sentiment described as steady after Wednesday's US economic figures.

The benchmark 119th issue ended at a yield of 6.955 per cent against its previous level of 7.030. Earlier in the day it rose as high as 6.945 per cent.

■ US Treasury bonds rebounded swiftly from an early drop of around ⅛ point after yesterday's release of May producer prices figures, to stand modestly higher at mid-session. The Treasury's benchmark long bond was quoted ⅛ point higher for a yield of 8.34 per cent while short-dated maturities stood as much as ⅛ point higher.

The Producer Prices Index rose 0.3 per cent in May, somewhat above consensus expectations for a gain of 0.2 per cent. However, excluding food and energy, which gives a more accurate picture of the underlying inflation rate, the PPI rose only 0.2 per cent, which was in line with expectations.

Although the overall index was higher than the market had anticipated, it showed inflationary pressures were far more subdued than they were early in the year. But, the rebound in the market was somewhat surprising. Any negative reaction may have been muted because the market is waiting for a substantial batch of economic data today.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-19	+09/32	12.30	12.51	13.24
"		10.500	5/99	94-02	+32/32	11.58	12.01	12.52
		9.000	10/08	86-08	+38/32	10.72	11.09	11.33
US TREASURY *		8.875	05/00	103-05	+0/32	8.40	8.46	8.68
		8.750	05/20	103-30	+01/32	8.39	8.43	8.62
JAPAN	No 119	4.800	6/99	87.9078	+0.293	6.99	6.99	6.91
	No 2	5.700	3/07	92.8144	-0.073	6.63	6.53	6.88
GERMANY		7.750	02/00	93.0000	+0.200	8.84	8.80	8.65
FRANCE	BTAN	9.000	02/95	96.1166	+0.211	10.06	10.07	9.97
	OAT	8.500	03/00	92.5400	+0.180	9.70	9.77	9.57
CANADA *		9.750	05/00	94.5750	+0.025	10.65	10.60	10.94
NETHERLANDS		9.000	05/00	100.2100	+0.250	8.96	9.02	8.97
AUSTRALIA		12.000	7/99	92.1096	+0.146	13.54	13.49	13.83

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

US institutions 'to expand investment'

By Stephen Fidler, Euromarkets Correspondent

A BIG majority of US institutional investors plan to expand their international equity holdings over the next five years, and most will expand investment to include smaller non-US companies, according to a survey published yesterday.

The survey showed 86 per cent of institutions expect to expand their international equity holdings, with 50 per cent citing the promise of higher returns as the force behind investing offshore.

Some 76 per cent of respondents said they would expand the number of non-US companies into which they were willing to invest, including those with smaller market capitalisations. The detailed survey of 50 respondents was carried out by Broadgate Consultants, a New York-based investor relations and market analysis firm.

Continental Europe and the UK were rated as the most attractive global markets, with continental Europe's prospects further bolstered by a single European stock market. Some 80 per cent said they expected to see that in five years.

More than half the institutions said they would probably invest in foreign company securities offered under Rule 144a, the Securities and Exchange Commission's new regulations covering private placements.

However, in view of the disruptions to the private placement market resulting from the collapse of the junk bond market, nearly one-third said foreign companies should be better prepared to be more aggressive in informing US investors.

In east Europe, East Germany was overwhelmingly believed to represent the best investment opportunity over the next one to three years.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:15 pm on June 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	98¾	99¼		9.38	COUNCIL EUROPE 7 94 LFr	600	92	93	+¼	9.66
ALBERTA PROVINCE 9 3/8 95	600	101	101¼	+¼	9.11	KREDIETCORP 7 93 LFr	1000	93	94	+¼	9.67
AMERICAN GENERAL 9 3/4 95	100	97½	98¼	+¼	10.31	WORLD BANK 8 96 LFr	1000	93	94		9.41
AUSTRALIA 11 1/4 00	100	109	108¾	-¼	9.94	AMRO BANK 6 1/4 92 Fl	150	94	94½		9.41
AUSTRIA 8 1/2 00	400	95½	95¾	+¼	9.21	DENMARK 8 1/2 91 Fl	100	99	99¾		9.65
BANK OF TOKYO 8 3/8 96	100	95¾	96	+¼	9.40	HEINEKEN 7 5/8 94 Fl	150	95¼	95¾		9.00
BELGIUM 9 1/8 92	400	100¼	100¾		8.96	PHILIPS GLOEILAMPEN 9 3/4 92 Fl	150	94	94¼		9.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Paris draws up list of new primary dealers

By George Graham in Paris

THE FRENCH Government is about to name a new list of primary dealers for the Treasury bond and bill market.

S. G. Warburg Bacot-Allain, the Paris-based broking offshoot of London's Warburg group, and the Caisse Centrale des Banques Populaires, the central organism of one of France's co-operative banking groups, will both be promoted to full primary dealer status as "Spécialiste en Valeurs du Trésor" (SVT) after a trial period as "Correspondent en Valeurs du Trésor" (CVT).

Nomura, the biggest Japanese securities house, is also expected to be promoted shortly to full SVT status. The existing 12 SVTs are expected to be confirmed in their positions, but two Bankers Trust, the US bank which is currently a CVT, will not be promoted.

The primary dealers have a privileged direct relationship with the Treasury, but must make a permanent market in a full range of short, medium and long-term Treasury securities. In return, they are entitled to make non-competitive bids at the monthly bond auctions, filled later at the average price of the auction.

Broker fined Pta33m for malpractice

By Peter Bruce in Madrid

A FOURTH Spanish stockbroker, Usera y Morenes, has been fined Pta33m for malpractice during the $1bn part-privatisation of the Repsol energy group last year.

The Spanish Stock Market Commission (CNMV), said the brokerage had been fined for having applied for shares during the initial placement using the names of at least 160 people who had not given the broker permission to do so.

It is thought that the action against Usera y Morenes, which last week sold 40 per cent of its capital to the Madrid investment bank Mercapital, will be the last in the series arising from the Repsol flotation.

The Madrid office of Drexel Burnham Lambert closed after being accused of the same sort of malpractice last year, and was fined Pta65m.

Two other firms, Maxwell y Espinosa and Camino Sur, have also been fined. Some of the firms are appealing against the fines.

● Bancapital is acquiring its 40 per cent stake in Usera y Morenes for a price to be determined by audits. It said any fine resulting from the Repsol investigation would be discounted from the price.

Junk bond trader in first auction

NEW York Securities Auction, a company formed to trade junk bonds, has scheduled its first weekly auction for the middle of next month, Reuter reports.

"NYSAC has been formed in order to provide an equitable and competitive market-place for illiquid securities through the creation of a fair market pricing system," president Mr Joel Greenblatt said.

The company said several institutions, including Fidelity Investments, Mutual Shares/Heine Securities, Trust Co of the West and Pennsylvania Mutual Fund had become charter members.

The computerised auction bidding will be carried on the nationwide Bloomberg Financial System. The securities that will be auctioned will appear weekly in an advertisement placed in the financial newspaper Barron's.

Mr Greenblatt said the auctions should cut the cost of trading junk securities. He said trading costs and the trouble in finding trading partners were sore points in the $200bn junk bond market.

NYSAC said that the clearing firm of Spear, Leeds & Kellogg would clear all purchases and sales of securities traded.

Exchange to expand night trading hours

THE Philadelphia Stock Exchange is considering expanding night trading hours for currency option contracts during the Asia time zone, Reuter reports.

Although details have not been decided, the exchange is understood to be planning to expand its night session hours this autumn, trading options on several Asian currencies.

The additional hours would be from 12.30 am local time to 04.30. The exchange already trades options from 04.30 to 14.30 and runs a session from 19.00 to 23.00.

INTERNATIONAL CAPITAL MARKETS

NYSE to begin out-of-hours trading this year

By Janet Bush in New York

THE New York Stock Exchange yesterday confirmed it would begin trading outside its normal hours later this year and hopes to start evening trading in 1991.

The move to out-of-hours trading, the first in the exchange's near 200-year history, is designed to respond to an increasing desire among investors to do business around the clock, and to increasingly intense competitive pressures not only from overseas but also US regional exchanges.

The after-hours trading will not be conducted on the trading floor but electronically on screens.

It is not clear whether the exchange's specialists – obliged to provide liquidity to the market during normal exchange hours – will be asked to participate in after-hours dealings, although some may choose to.

In 1991, the exchange proposes to hold auctions of each stock at 8pm, midnight and 5am. It is believed that each share would only be traded once at each auction and all trades would be combined at an agreed common price.

The New York Stock Exchange has been considering a move to after-hours trading for at least two years but has taken a gradual approach to the question. Mr Richard Grasso, president, said the exchange's strategy was to determine investor demand for after-hours trading rather than set up a structure and then attempt to persuade investors to use it.

"Our research among investors has shown that there are few people who are willing to trade IBM at three 'o clock in the morning," Mr Grasso said. "Maybe there will be many more a few years from now."

The Securities and Exchange Commission has become increasingly concerned about defending the competitiveness of US financial markets against the encroachment of overseas centres and has encouraged moves towards after-hours trading which may, eventually, lead to 24-hour trading of securities.

Last autumn, the SEC approved a proposal by the Mid-West Stock Exchange to trade non-standard portfolios or baskets of stocks electronically in an after-hours session.

Merrill Lynch shifts focus in shake-up

By Janet Bush

MERRILL Lynch, the Wall Street securities house, yesterday announced a management restructuring which shifts its focus towards restructuring highly leveraged companies rather than initiating merchant banking transactions.

The company has formed a new department called High Yield Finance and Restructuring which will be headed by Mr Thomas Davis, a leading merchant banker, and Mr Nate Thorne, a specialist at restructuring troubled companies.

Mr Raymond Minella and Mr Jeffrey Berenson, who built up Merrill Lynch's considerable bridge loan, high-yield and mergers and acquisitions business under the umbrella of merchant banking, have been re-assigned. They will focus on "certain of the firm's key merchant banking clients and on executing major transactions."

Mr Barry Friedberg, head of investment banking, said Merrill Lynch had been rethinking its strategy since late last year and decided to emphasise restructuring when it became clear that the slump in the primary market for high-yield offerings to finance acquisitions might continue for two to three years.

Tesco Capital launches record £200m convertible

By Tracy Corrigan

UK FOOD retailer, Tesco, yesterday launched a £200m convertible bond, the largest sterling convertible from a UK company.

The issue benefited from firmness in the underlying UK bond and equity markets. Speculation about early UK entry into the exchange rate mechanism of the European Monetary System continued to underpin sterling and renewed confidence in the pound heralded a return to the sector by foreign investors.

INTERNATIONAL BONDS

The 15-year bonds, issued by Tesco Capital and guaranteed by Tesco, the UK food retailer, are convertible at a price of 259p, a premium of 15.1 per cent above yesterday morning's share price of 225p.

The premium was considered broadly in line with other recent convertible debt issues in the sector.

However, the 9 per cent coupon was substantially higher than for recent deals. For example, Tesco's outstanding £100m convertible launched in 1987 carries a 4 per cent coupon and Sainsbury's £150m of convertible bonds launched last year have a 5 per cent coupon.

Both deals have been trading around par.

Unlike most deals in the sector, the new Tesco offering, launched yesterday by UBS Phillips & Drew, does not have an investor put option. Neither is there any event risk protection, which has been a feature on some recent corporate transactions. The issue is callable after five years.

The attractive pricing took account of these factors, dealers said. Broad demand, including significant continental European interest, pushed the trading level to a premium above the par issue price, at 100½ bid.

Tesco recently bought back £90m of outstanding bonds from the market for about £70m, realising a capital gain, according to the company's treasurer. The buy-back was funded through short-term borrowings, which will be refinanced by the new convertible issue.

In addition, the new financing will cover a £40m store-opening programme this year. Tesco plans to open 22 stores this year, some of which follow a recent purchase of sites from the Asda supermarket group.

Also in the equity linked sector, Browning-Ferris Industries' issue of convertible bonds launched Wednesday via Credit Suisse First Boston was increased to $400m from $350m. The coupon was fixed at 6¾ per cent. The issue continued to perform strongly, bid at 101¼, above its issue price of 100.

An issue of convertible bonds with money-back warrants for Schneider in the French market included an international tranche of FFr800m. The bonds, launched by Banque Paribas, were bid at FFr1,320, above an issue price of FFr1300.

Two new issues emerged in the Canadian dollar sector, as sentiment in the Canadian market improved. Provisional agreement on constitutional reform under the Meech Lake accord was reached last Saturday, restoring international confidence in Canada's political stability and boosting bond market prices there. In addition, swap rates have improved by a couple of basis points, allowing borrowers to raise funds at a slightly lower cost, dealers said.

GECC Canada brought a C$100m offering of 12¼ per cent five-year bonds through Merrill Lynch International which elicited both institutional and retail demand.

The deal was quoted at less 1.70 bid, within full fees of 1⅞ point. It was swapped into floating-rate Canadian dollars at 15 basis points below the rate on three-month Canadian bankers' acceptances.

French bank Credit Agricole brought its first issue in the sector, a C$100m offering of 12⅜ per cent three-year Eurobonds. The deal, launched by IBJ International, was swapped into floating-rate US dollars. The paper, which was mainly retail-targeted, was quoted at a discount equal to its full fees of 1⅜ point.

In the Swiss bond market, prices of recent issues ended about ⅛ point higher on the day, easing back from earlier highs. SE Banken's SFr150m of 7¼ per cent seven-year bonds were quoted at less ¼ bid, up ⅛ point, while Johnson & Johnson's first issue in the sector, a SFr150m four-year private placement, was unchanged at less 1¼ bid.

Asfinag's SFr200m issue of 7¼ per cent 10-year bonds were traded on the secondary market for the first time yesterday.

The bonds were quoted at 101¾, a point above their issue price.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
Tesco Capital(d)§♦	200	9	100	2005	2½/1½	UBS Phillips & Drew
CANADIAN DOLLARS						
GECC Canada(a)♦	100	12¼	101.67	1995	1⅞/1¼	Merrill Lynch Int.
Credit Agricole(a)♦	100	12⅜	101⅝	1993	1⅜/⅞	IBJ Int
AUSTRALIAN DOLLARS						
New South Wales Treasury(b)♦	100	Zero	14⅞	2008	1⅛/⅞	Hambros Bank
Deutsche Bank Finance(a)♦	50	6	60	2000	1.2	Daiwa Europe
US DOLLARS						
Browning-Ferris Ind.(e)§♦	260	6¾	100	2005	2½/1½	CSFB
FRENCH FRANCS						
Schneider SA(f)§♦	800	6½	FFr1300	2000	2½/1½	Banque Paribas

★Private placement. ‡Floating rate notes. §Convertible. ♦Final terms. a) Non-callable. b) Fungible with A$350m issue end June. c) Coupon pays 35bp under 3-month Libor. Put on each interest payment date at par outside Finland. d) Call at par from August 1995. Conversion price: 259p. e) Issue increased from $225m. Additional $140m (increased from $125m) issued in US under rule 144a. Call at 103 from July 1993 declining by 1% p.a. to 100. Conversion price, $52½. f) FFr2.6bn issued of which FFr800m aimed at international investors. Convertible with money back warrants attached. Each bond convertible into one company share. Further shares can be obtained by exchanging two warrants and paying FFr900 cash. Of the issue price of FFr1300, FFr1,150 for bond and FFr150 for attached warrant. Unused warrants redeemed by Schneider at maturity at FFr150. Exercise period for warrants Sept.1990 to end July 1993.

Polish issue attracts investors

By Andrew Baxter

ORGANISERS of Poland's first significant privatisation, the $20m flotation of the foreign trade enterprise PHZ Universal, said yesterday the level of interest among foreign investors was well above the amount of shares available.

The foreign tranche of the issue, which is available only on a private placing basis, is 3.15m shares, to raise a total of $6.63m.

However, the amount raised from overseas could be increased to $9m at the option of the Ministry of Finance, said Mr Jerzy Scibor-Kaminski, director of First Europe Equity and Bond, in London yesterday.

First Europe is acting as adviser to Bank Inicjatyw Gospodarczych (Bank IG), the Polish bank which is arranging the issue and which privatised itself earlier this year.

Mr Scibor-Kaminski said that, while officially the foreign tranche was only one-sixth subscribed, "the amount of interest pencilled in [among foreign investors] well exceeds the shares available."

The discrepancy was attributable to two factors, he said. First, it was taking a long time for subscribed funds to get through the system, meaning they could not be officially registered as received.

Secondly, some legal questions need to be resolved before mutual funds registered with the US Securities and Exchange Commission could release money to buy the shares.

Mr Scibor-Kaminski said foreign interest in investing in the issue was being shown by professionals and individuals, from most parts of the world – with the exception of Japan, where curiosity about the issue had not been matched by willingness to subscribe.

The Polish part of the issue, meanwhile, was nearly fully subscribed, and is likely to close in mid-July, earlier than the scheduled close of August 6. The price of each share was equivalent to $2 and thus "every granny was buying the shares for their grandsons when they graduate."

Marketing of the issue in Poland has been helped by Universal's high profile. Although it is only the 17th largest foreign trade organisation, it is well-known through sponsorship of TV soap operas and its president, Mr Dariusz Przywieczerski, was recently named "Polish businessman of the year."

Mr Przywieczerski said funds from the privatisation would be used to buy stakes in some of the suppliers of the consumer durables which Universal exports.

The company is negotiating to buy 12 such factories from the Government, and hopes to strengthen their managements, possibly via joint ventures with Western companies.

ISE to alter listing rules

By Andrew Freeman

LONDON'S International Stock Exchange yesterday announced a series of changes to its listing requirements, including recognition for the first time of the growth of the European market for asset-backed debt securities.

The changes to the so-called Yellow Book are designed to simplify the listing procedures for Eurobonds and other debt securities. Amendments also bring the requirements for domestic debt issues into line with those for Eurobonds.

But it is the admission of asset-backed securities which marks the ISE's determination to capture business in a sector which is of increasing interest to European investors and has seen growing issuance.

Deals backed by financial assets can in future be listed in London if they are tailored to the new Yellow Book requirements.

Chicago short-lists three for Audit trading card

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange and the Chicago Board of Trade have selected three companies to build prototypes of Audit, the hand-held electronic trading card which will eventually record trades by pit traders and brokers. The gadget, which is expected to be about the size of a video cassette and weigh about a pound, will replace the paper cards traders now use.

The three vendors, whose prototypes are to be ready for testing by this year's final quarter, are: Texas Instruments, Synerdyne, a partnership of Seiko Instruments of Japan and the Agilis Corporation of California, and Spectrix, a partnership of Panasonic of Japan and Tandem Computers of California. The three are what remains from an initial field of 53.

In the latter two companies, Japanese manufacturers have chosen partners that are less than household names. Agilis specialises in wireless computing and communications systems, such as those used in aviation. Tandem's specialty is on-line transaction processing, where information is instantaneously sent to and processed at a central point, such as in banks.

Chicago's two futures exchanges decided to jointly develop the computer terminal last August following the Federal Bureau of Investigation probe of trading fraud. Many of the fraud charges centred on falsification of trading cards, and improvements in the audit trail of trades were deemed crucial. The two Chicago futures exchanges committed $5m to developing the system.

The system is scheduled for initial implementation by the end of 1991 and full scale use by end of 1992.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday June 14 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Jun 13 Index No.	Tue Jun 12 Index No.	Mon Jun 11 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (199)	913.44	-0.2	12.72	5.01	9.57	17.22	915.15	903.06	898.06	948.41
2	Building Materials (27)	1138.28	+0.4	13.66	5.29	9.06	25.77	1133.39	1111.78	1101.09	1161.89
3	Contracting, Construction (36)	1436.61	-0.1	16.75	5.72	7.77	34.64	1437.62	1423.23	1420.06	1627.59
4	Electricals (10)	2647.18	....	10.74	5.07	11.45	61.43	2647.62	2622.81	2601.87	2779.65
5	Electronics (29)	1892.63	-1.1	9.82	3.94	13.20	21.38	1913.75	1893.62	1887.17	2223.02
6	Engineering-Aerospace (8)	499.78	-0.5	12.97	4.66	9.19	9.42	502.42	495.44	491.33	0.00
7	Engineering-General (43)	504.52	....	11.47	5.04	10.53	8.93	504.53	500.48	498.23	0.00
8	Metals and Metal Forming (6)	498.27	-0.2	23.56	6.73	5.03	2.46	499.03	492.56	492.00	529.72
9	Motors (16)	372.00	+0.1	14.87	6.10	7.85	9.81	371.50	369.24	365.89	320.30
10	Other Industrial Materials (24)	1670.69	-0.1	10.61	4.78	10.89	34.38	1672.65	1645.62	1637.56	1565.98
21	CONSUMER GROUP (179)	1337.09	-0.1	9.12	3.77	13.55	19.74	1338.50	1317.67	1303.92	1208.33
22	Brewers and Distillers (21)	1624.79	-0.8	9.38	3.56	12.89	23.35	1638.69	1618.18	1604.15	1328.05
25	Food Manufacturing (20)	1122.22	+0.2	10.16	4.26	12.19	17.76	1119.83	1100.88	1092.73	1072.85
26	Food Retailing (16)	2498.64	-1.2	9.30	3.29	13.81	33.61	2530.09	2507.76	2472.38	2337.31
27	Health and Household (15)	2648.27	+0.6	6.50	2.61	18.32	24.15	2632.07	2602.39	2591.14	2166.77
29	Leisure (31)	1519.74	+0.3	9.63	4.07	12.63	24.36	1515.48	1497.19	1477.57	1620.61
31	Packaging & Paper (13)	616.53	+0.8	10.91	5.58	11.30	11.83	611.68	600.68	599.45	565.16
32	Publishing & Printing (16)	3591.13	+0.9	9.99	5.13	12.56	79.26	3559.94	3514.50	3461.61	3513.00
34	Stores (35)	862.82	-0.4	10.33	4.33	12.39	15.30	866.32	836.96	819.81	791.12
35	Textiles (12)	512.96	-0.5	12.32	6.97	10.39	16.06	515.42	516.41	516.68	529.80
40	OTHER GROUPS (104)	1212.04	+0.2	10.73	4.86	11.21	14.99	1209.57	1192.26	1181.08	1117.62
41	Agencies (17)	1719.15	+1.4	5.86	2.30	20.66	14.99	1695.80	1673.93	1668.65	1353.81
42	Chemicals (23)	1335.87	....	10.55	4.96	11.09	31.17	1335.16	1311.67	1299.41	1269.30
43	Conglomerates (14)	1722.31	....	9.79	5.74	12.27	26.40	1721.04	1700.72	1688.07	1576.37
44	Transport (13)	2308.81	+0.5	10.39	4.37	12.24	40.07	2297.31	2270.53	2252.73	2425.69
46	Telephone Networks (2)	1222.38	-0.6	10.89	4.60	11.92	0.00	1229.50	1212.13	1188.35	1120.20
47	Water (10)	1983.04	+0.2	17.54	6.83	6.32	0.00	1978.70	1934.54	1919.81	0.00
48	Miscellaneous (25)	1825.37	+1.0	11.85	4.02	9.62	36.78	1807.15	1784.22	1782.06	1665.38
49	INDUSTRIAL GROUP (482)	1205.53	....	10.49	4.41	11.62	18.09	1205.87	1188.27	1177.68	1136.30
51	Oil & Gas (18)	2321.03	+0.2	12.22	5.35	10.01	46.50	2316.37	2300.83	2277.85	2052.57
59	500 SHARE INDEX (500)	1299.62	....	10.73	4.54	11.51	20.39	1299.59	1281.99	1270.38	1214.00
61	FINANCIAL GROUP (107)	814.94	-0.5	–	5.59	–	20.36	818.64	809.18	804.21	721.51
62	Banks (9)	862.16	-1.3	19.04	6.23	6.08	25.62	873.35	854.22	851.24	715.56
65	Insurance (Life) (7)	1439.25	+0.2	–	5.10	–	36.94	1436.42	1431.34	1416.26	1046.00
66	Insurance (Composite) (6)	713.58	+0.4	–	5.80	–	19.43	711.01	705.47	700.45	561.38
67	Insurance (Brokers) (7)	1059.29	+0.1	8.19	6.16	16.08	27.41	1057.76	1049.80	1044.43	969.50
68	Merchant Banks (7)	456.33	+0.2	–	4.34	–	8.55	455.55	451.67	450.38	328.08
69	Property (47)	1100.66	+0.5	8.17	4.26	15.69	17.70	1095.54	1094.09	1085.37	1280.72
70	Other Financial (24)	301.75	-2.3	12.33	6.35	10.59	5.96	308.88	307.21	304.55	360.03
71	Investment Trusts (67)	1227.79	....	–	3.17	–	15.14	1228.17	1222.27	1215.26	1142.91
91	Overseas Traders (5)	1435.15	-0.6	9.67	6.37	12.39	43.49	1443.23	1420.95	1423.34	1276.33
99	ALL-SHARE INDEX (679)	1182.61	-0.1	–	4.66	–	20.15	1183.41	1168.08	1158.15	1092.63
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 13	Jun 12	Jun 11	Jun 8	Jun 7	Year ago
	FT-SE 100 SHARE INDEX‡	2403.0	-2.4	2430.5	2401.9	2405.4	2370.7	2348.8	2366.6	2378.4	2129.6

FIXED INTEREST

	PRICE INDICES	Thu Jun 14	Day's change %	Wed Jun 13	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	115.99	+0.35	115.58	–	5.61
2	5-15 years	123.14	+1.04	122.10	0.23	5.89
3	Over 15 years	126.27	+1.37	124.56	–	5.77
4	Irredeemables	144.68	+2.19	141.58	–	6.36
5	All stocks	122.81	+0.65	121.90	0.13	5.85
	Index-Linked					
6	Up to 5 years	146.29	+0.26	145.91	–	1.49
7	Over 5 years	139.40	+0.26	139.03	–	1.72
8	All stocks	139.80	+0.26	139.43	–	1.70
9	Debentures & Loans	98.28	-0.10	98.38	–	5.64
10	Preference	73.74	-0.23	73.91	–	3.09

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jun 14	Wed Jun 13	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.03	11.16	10.11
2		15 years	10.64	10.88	9.71
3		25 years	10.60	10.82	9.52
4	Medium Coupons	5 years	11.93	12.13	11.25
5		15 years	11.09	11.26	10.18
6		25 years	10.74	10.92	9.70
7	High Coupons	5 years	12.04	12.22	11.39
8		15 years	11.34	11.52	10.39
9		25 years	10.96	11.15	9.88
10	Irredeemables†		10.61	10.85	9.48
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	5.01	5.11	3.83
12	Inflation rate 5%	Over 5 yrs.	4.10	4.12	3.81
13	Inflation rate 10%	Up to 5 yrs.	4.02	4.11	3.12
14	Inflation rate 10%	Over 5 yrs.	3.93	3.95	3.66
15	Debs & Loans	5 years	13.77	13.91	11.91
16		15 years	12.94	12.93	11.64
17		25 years	12.93	12.91	11.37
18	Preference†		12.53	12.50	10.31

‡Opening index 2404.9; 9 am 2419.5; 10 am 2425.6; 11 am 2424.9; Noon 2422.4; 1 pm 2417.8; 2 pm 2413.7; 3 pm 2409.6; 4 pm 2409.8; 4.10 pm 2411.2; (a) 9.38am (b) 4.22pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	67	0	11
Corporations, Dominion and Foreign Bonds	6	0	17
Industrials	426	286	687
Financial and Properties	213	130	399
Oils	24	25	39
Plantations	0	0	10
Mines	6	81	78
Others	36	101	109
Totals	798	623	1,530

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	–	101	90	♦Bluebird Toys 12pc Cv. Uns. Ln. 2005	95	[illegible]
102.45	F.P.	–	109¼	102½	Dartmoor Inv Tst 6¼pc RPI-Lnk Db 2005	109¼	[illegible]
♦	F.P.	–	86p	83p	European Leisure 8.75p (Net) Cv Rd Pf	85p	
100p	F.P.	–	113p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	112p	-½
100p	25p	–	46½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	46p	-½
100p	F.P.	–	105p	96p	Wyndham Group 9.375pc Cnv. Pf	98p	
–	F.P.	–	55p	35p	York Trust 8.5p (Net) Rd. Cv. Pf 20p	41p	-1

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
100	Nil	25/6	7pm	¾pm	♦Allied Leisure	7pm	
45	Nil	–	8pm	3½pm	Amber Day	5pm	
70	Nil	11/7	1¼pm	¾pm	Anglia Secure Homes	¾pm	
86	Nil	–	15pm	14pm	Ashley Group	15pm	
425	Nil	–	129pm	87pm	Bowater	124pm	+6
£11.5	Nil	20/6	28pm	21½pm	Child Health Res. Units	4pm	
108	Nil	–	43pm	26pm	♦EW Fact 5p	41pm	+1
33	Nil	25/6	6pm	¾pm	Ex-Lands	¾pm	-¼
425	Nil	24/7	146pm	104pm	Laporte	144pm	+10
248	Nil	–	44pm	30pm	Morgan Crucible	41pm	+8
41	Nil	13/6	8pm	6pm	Petrocon	8pm	
12½	Nil	–	2pm	1½pm	SI Group 5p	1½pm	
113	Nil	11/7	43pm	33pm	♦Tallow Oil	33pm	-3
–	Nil	–	1pm	¼pm	XCL Service	¼pm	
190	Nil	–	5pm	3pm	♦Xtra-Vision	3pm	-1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. φ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. * Third Market. B Units comprising 11 new ord. & 2 warrants. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings June 6
- Last Dealings June 15
- Last Declarations Sept 6
- For settlement Sept 17

For rate indications see end of London Share Service

Calls in Aviva Pet., Ford Sellar Morris Props, Oliver Res. and Tuskar Res. Put and call in Abbey and Berisford Intl.

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK COMPANY NEWS

Trident boosts VSEL profits to £30.65m

By Clare Pearson

SHARES IN VSEL Consortium soared 37p to 386p yesterday as the defence contractor unveiled better-than-expected profits and dividend payment increases for the year to end-March.

With pre-tax profits rising from £17.08m to £30.65m, directors are proposing an almost doubled final dividend of 15.5p compared with 8p, making a total payment of 20p (11p) for the year.

The profits uplift came as the company started recognising profits on its second Trident submarine, now 36 per cent completed. Under the company's accounting policies, progress on the programme is only reflected as each submarine passes the 25 per cent completion mark.

VSEL sounded a confident note on the question of whether the Government would go ahead with purchasing the full complement of four submarines, after examining ways of restructuring Britain's armed forces in the light of the changed threat from eastern Europe.

Mr Noel Davies, chief executive, said that the current order book, about 52 per cent of which is accounted for by Trident, was worth some £3.1bn.

He said that at the moment it was impossible to anticipate what further defence work might become available to the company when Trident ran out. But VSEL was looking at ways of diversifying into commercial work, possibly by acquisition.

It also included the possibility of a move back into commercial shipbuilding at VSEL's Cammell Laird yard at Birkenhead. "It may well be possible now for UK shipyards to compete for commercial business," he said.

He also warned Cammell Laird's remaining employees would face redundancies on top of the 500 provided for in these results if some type of substantial new contract were not gained this year.

Redundancies at Birkenhead accounted for the major part of a £2.7m exceptional item.

Dividends compare with earnings per share up from 44.1p to 79.9p. But Mr Davies said there were "too many uncertainties" to think of boosting the dividend pay-out to more generous levels at present.

Group turnover stood at £535.79m (£465.88m).

See Lex

MMC wields blade over stubble trouble

The OFT has bearded the UK shaving market, dominated by Gillette and Wilkinson Sword. Maggie Urry explains

WHEN IS a merger not a merger? That was the riddle being posed yesterday to the Monopolies and Mergers Commission by Mr Nicholas Ridley, Secretary of State for Trade and Industry.

Under the Fair Trading Act, a merger does not only cover a case where one company takes a controlling stake in another. A merger can be deemed to be in effect if one company is able materially to influence the policies of another.

The issue at stake is the basic male need for razors and razor blades. "It is important," Sir Gordon Borrie, director general of the Office of Fair Trading, said yesterday, "that competition is maintained for significant items in household budgets."

The options of using electric razors, or of having a beard, were apparently not considered by the OFT to be "perfect substitutes" for a wet shave — a method which is gaining favour among consumers again.

There are two leading players in the UK wet shaving products market, Gillette and Wilkinson Sword. Between them they have about 80 per cent of the market by value, and 62 per cent by volume. Gillette's share alone, at 56 per cent by value and 44.5 per cent by volume, would merit a monopoly investigation, although none has ever been carried out.

The spur for the investigation is that Gillette has taken a financial interest — although not a controlling stake — in Swedish Match, the owner of Wilkinson Sword. And it is this which forces the MMC to find an answer to Mr Ridley's riddle.

Last December, Swedish Match staged a $650m leveraged management buy-out from Stora, the Swedish paper group which had taken it over in 1988.

As part of that deal, Gillette agreed to buy the non-EC interests of Wilkinson Sword, giving Gillette greater strength in markets around the world, particularly in Australasia and Latin America.

It paid $72m for these, but then sold back Wilkinson Sword's US business for $6.4m when the US Justice Department raised objections to Gillette increasing its domination of the US shaving products market.

Now the UK competition authorities have decided to look at the issue. Other authorities in Europe, at national level and in Brussels, are also believed to be considering investigating the deal.

The issue hinges on the fact that Gillette agreed to put money into the Swedish Match buy-out.

It has 21.9 per cent of the equity in Swedish Match, but through non-voting shares, and took 12.6 per cent of the original debt involved in the buy-out, which totalled $546.8m. This debt is a half-share of the mezzanine finance, the higher risk, less-well secured, part of the debt package.

The rest of the debt was $409m of senior debt.

The two central questions for the MMC are;

- Does this arrangement give Gillette influence over Wilkinson Sword?
- And would Gillette be inclined not to indulge in a fierce price war with Wilkinson Sword, for fear that it could jeopardise the high-risk buy-out and then risk losing its own investment in Swedish Match?

Gillette argues that this would not happen. Its shares are non-voting and it will not have a seat on the Swedish Match board. It says its participation in Swedish Match does not give it influence over Wilkinson Sword — no doubt it was careful when structuring the deal to bear in mind the possibility of competition authorities taking an interest.

Mr Massimo Rossi, president and chief executive of Swedish Match, said yesterday: "Gillette has no influence on the policy of this company and we remain tough competitors in several European markets."

Should Gillette succeed in persuading the MMC that this does not constitute a merger, it will still not escape investigation. Sir Gordon saw to that by simultaneously referring the monopoly position in the wet shaving products market to the MMC.

The difference lies, though, in the remedies the Secretary of State would have in the case of the MMC finding that the public interest is being adversely affected.

If a merger is found to exist, Mr Ridley has wider powers to remedy the position than if only a monopoly is uncovered. In the extreme case that it proved necessary to unwind the financial arrangements in order to put right the "mischief", he could order that to be done.

Yesterday Gillette would not prejudge the outcome of the investigation by speculating on what would happen if the MMC found there was a monopoly working against the public interest.

However, if Gillette had to withdraw its interest in Swedish Match, banking experts thought it would probably be able to find takers for its equity and debt interests, even though the market for leveraged buy-out investments has worsened since the deal was tied up.

Since both Gillette and Wilkinson Sword have interests throughout the EC, the monopolies question could be raised by other competition authorities in Europe.

If it is, Gillette and Swedish Match may be tempted to apply their blades to their wrists.

NEWS DIGEST

Neotronics rises 34% to £1.25m

NEOTRONICS Technology yesterday reported a 34 per cent rise, from £935,000 to £1.25m, in taxable profits for the six months to March 31.

The outcome included a significant contribution from two major new products towards the end of the period. These products are expected to increase their input in the second half.

Turnover of this manufacturer of gas detection and analysis equipment advanced 26 per cent from £5.9m to £7.43m in the first half. Gross profit rose to £4.49m (£3.89m). The interim dividend is increased from 0.6p to 0.8p on earnings per share of 3.2p (2.3p).

Directors said that other new products included an investment for the detection of carbon dioxide, for which a substantial market requirement existed.

A number of possibilities were being pursued to expand via the acquisition of technologies and companies.

Bass identifies 600 pubs for disposal

Bass, the brewing and hotels group, said yesterday that it had identified 600 pubs in its 6,500-pub estate which it would sell over the next two years.

Mr Ian Prosser, chairman and chief executive, said last month that the company would sell or lease 2,400 pubs to comply with government requirements for continuing both its brewing and pub retailing operations after November 1 1992.

The government orders followed a Monopolies and Mergers Commission report which recommended limits on the number of pubs tied to the major brewers.

Bass said most of the sales were planned disposals which would have arisen without the MMC report.

No decision has yet been taken on the remaining 1,800 pubs to be freed from the tie, but it is expected that most of the outlets will be leased.

Property Partners shows progress

Profits of Property Partnerships, the commercial property developer and investor, rose from £1.99m to £2.32m pre-tax for the year to end-March.

Net rental income from investment properties totalled £1.61m (£1.34m) while hotel turnover expanded to £5.05m (£4.77m).

Earnings emerged at 14.4p (12.34p) and a final dividend of 4.1p makes a 6.35p (5.5p) total. At year-end net assets per share amounted to 385p, an increase 24 per cent on the previous year.

Northumbrian Fine Foods £4m rights

Northumbrian Fine Foods yesterday reported a £120,000 reduction in pre-tax losses to £279,000 for the year to end-March in spite of paying £314,000 more in interest charges, which rose to £683,000.

The USM-quoted group, a manufacturer of biscuits and other foods largely for the health food sector, also called on shareholders for £4.08m via a rights issue of up to 11.82m new ordinary shares on a five-four-basis at 37p each. The shares eased 2p to 49p.

Turnover expanded from £5.76m to £6.91m and the loss per share emerged at 3.03p (4.31p). A final dividend of 0.75p makes a same-again 1.5p total.

Restructuring costs were taken below the line as a £208,000 extraordinary item.

Dakota profits edge ahead to I£0.68m

Dakota Group, the Dublin-based company involved in the printing and manufacturing of packaging products, announced pre-tax profits of I£676,000 (£630,000) for the the year to March 31. The previous figure was I£666,000.

The directors said the company, which joined the USM in March, was well placed to improve the performance of existing businesses. One of its strengths was the broad spread of products and customers, and acquisitions were being sought to increase that spread.

Turnover advanced from I£6.9m to I£7.41m, and after tax of I£34,000 (I£35,000) earnings per share were static at 2.6p basic and 2.4p fully diluted.

Directors expected to recommend a 1.1p dividend for the year to September 30.

Charterhall plans reorganisation

By David Owen

CHARTERHALL, the UK-listed subsidiary of Australia's Westmex which went into liquidation in February, is aiming to present capital reorganisation proposals for shareholders' approval before September 30.

The company, which last month reported a pre-tax loss of £26m for the six months to end-December, is also looking for a "strong" chairman.

Mr Russell Goward, formerly chairman and chief executive of both Charterhall and Westmex, resigned on February 28, nearly three months after Charterhall's shares were suspended at 9½p.

At an EGM this week, called because the net assets of the group had fallen to less than 50 per cent of the issued share capital, Mr Graham Steele, director, projected that Charterhall would show a deficiency on the book value of shareholders' funds at June 30 1990. The prior year's audited accounts put shareholders' funds at £77.6m.

Mr Steele also said that additional losses were anticipated at Tandem, Charterhall's footwear retailing business, in the current six months. In contrast, ongoing activities of the Corah textiles business are expected to be in profit.

Charterhall has the support of State Bank of New South Wales, which has provided loan and guarantee facilities of a maximum £97.3m.

As part of the price for its support, the bank has requested subscription warrants in respect of 5 per cent of the equity of both Tandem Shoes and Corah. Charterhall has also undertaken not to pay any dividends without State Bank's consent until the ratio of total liabilities to shareholders' funds is less than 0.5:1 and the ratio of earnings before interest and tax to interest accrued is in excess of 3:1.

According to Mr Steele, Charterhall's problems could be traced back to its management team, "which was heavily biased towards accounting skills but lacked practical operational experience."

Actions have been taken since last November to reduce Tandem's head office staffing from 295 to 230, he said.

James Finlay advances 69% to over £12m

James Finlay, the overseas trading and financial services group, yesterday reported a 69 per cent improvement in pre-tax profits for 1989 in spite of a slight decrease in turnover.

The taxable result, up from £7.27m to £12.29m, came on turnover of £183.02m (£184.63m).

Trading and investment income, before exchange and investment movements, surged to £13.02m (£8.67m).

There was an exchange gain of £79,000 (£244,000 loss).

Investments sold, written off and provided against took £970,000 (£1.72m), while the share of associated profits was £159,000 (£556,000).

Interest payments showed little change at £9.55m (£9.43m).

Profit breakdown by activity was: banking, financial services and international confirming £1.88m (£2.64m); confectionery and beverage manufacturing £4.39m (£4.83m); trading, manufacturing and merchanting £3.19m (£1.9m); plantations £5.57m (£3.21m).

Energy related interests lost £1.57m (£1.54m) in oil and gas and £201,000 (£2.05m) from servicing. Investment losses totalled £970,000 (£1.72m).

The geographical spread was: Africa £6.08m (£3.11m); UK and the Irish Republic £2.6m (£1.47m); North America £1.85m (£637,000 debit); Asia £1.11m (£2m) and Australasia £652,000 (£1.32m).

Tax took £5.97m (£3.29m). An extraordinary charge of £678,000 related to the loss on the Seaforth Maritime disposal.

The unchanged second interim dividend of 2.15p maintains the total for the year at 4.15p.

Earnings per share improved to 6.5p (5.2p).

UK COMPANY NEWS

Babcock Industries falls almost £14m in spite of £68m rise in turnover

Poor US side forces FKI down 20% to £55m

By Jane Fuller

FKI, the electrical products and engineering group which demerged from Babcock International last summer, saw pretax profit fall by 20 per cent to £54.72m in the year to March 31.

Turnover advanced by 11 per cent to £826.28m and operating profit fell to £63.31m (£76.96m).

The main reason for the profit fall was Babcock Industries in the US, which sunk to £28.2m at the operating level, compared with £41.9m. This was despite a rise in turnover of £67.5m to £509.2m.

When Babcock International was demerged from FKI, the plan was to sell the US business.

It was suggested that shareholders might get a special 65p dividend as a result. But Mr Anthony Gartland, FKI chairman, said the sale to a financial buyer fell through when the leveraged buy-out market collapsed in the US.

Mr Norman Scoular, chief executive, said the trading problems had been caused by bad contracts on the materials handling side and a slump in demand from US car makers.

The group had responded by replacing weak management, closing small plants, cutting labour and eliminating lossmakers. The savings on operating costs amounted to about $10m (£6m).

Trevor Humphries

Norman Scoular – the trading problems had been caused by bad contracts on the materials handling side and a slump in demand from US car makers

FKI also aimed to reduce its 25 per cent dependence on the automotive industry – the bulk of which is in the US.

This would mean some disposals, but also redirecting the materials handling business towards other industries.

Electrical products contributed £317.1m (£300.5m) to turnover and £37.5m (£37.3m) to operating profit – including a deduction of £1m because of changes in pensions accounting.

With the group presenting its activities under three new headings, the US problems undermined the performance of the automation and transportation sectors, where operating profit fell to £16.5m and £17m respectively.

Engineering improved to £32.2m (£31.9m), showing by far the best margins on turnover of £271m.

Interest costs increased to £8.59m (£8.2m) and gearing stood at 24 per cent.

Earnings per share fell to 9.38p (11.18p).

A final dividend of 2p makes a total of 4p. This compares with 4.5p for the merged group. Shareholders who kept their holding in Babcock – they got one share in it for every FKI Babcock share they held – are due to receive 3p.

COMMENT

Shareholders must be wondering when they are going to get some good news. It is little consolation at the moment that the shares of FKI (71p) and Babcock (52¼p) tot up to more than the miserable less-than-£1 levels of 1988 because they remain well below the price reached when the demerger was proposed. Those who bought in on the hope of a 65p special dividend will have had a more sudden disappointment. It seems a bit sad that FKI, which helped to sort out Babcock, should now be caught up in its own problems, while Babcock sailed on to a 10 per cent improvement at the operating level. Leaving aside past teeth-gnashing, FKI has considerable scope for recovery after taking its medicine in the US. Once the fruits of that are confirmed, upward revisions can be expected in a conservative pre-tax profit forecast of £65m. This gives a prospective p/e of about 6.5, supported by the yield and assets.

Turnround in US helps lift London International to £36m

By Clare Pearson

A TURNROUND from losses in its North American condom business helped London International Group, the consumer products and services company, lift pre-tax profits by 20 per cent to £36.5m in the year to end-March.

Operating profits for the North American division rebounded to £4.5m from a £100,000 loss the previous year when it had to recall some condoms which were found to be faulty.

Earnings per share reached 19.2p (16.19p). The final dividend is set at 5.65p (4.9p), making 8.35p (7.25p) for the year. Mr Alan Woltz, chairman, said: "The strength of our performance supports the board's confidence in meeting its future targets."

LIG reported that its gloves activities were progressing as scheduled in expanding overseas markets for Regent Biogel, the starch-free surgical glove which claims about 55 per cent of the operating theatre market in the UK. This was introduced into the hypo-allergenic sector of the US market and into Italy and Spain during the year.

The company has increased its share of the condom market in parts of the Continent and in the UK where its brand, Durex, moved back to around 90 per cent, having drifted below this level. Mr Woltz said indications were that worldwide consumer purchases of condoms were rising at about 5 per cent per annum.

In total, health and personal products put in operating profits of £32.3m (£25.7m) on sales of £235.6m (£202.8m).

On the photoprocessing side, Mr Woltz said further market share gains were made both in the mainstream developing and mini-lab businesses. Operating profits were £13.8m (£12.1m) on turnover of £114.9m (£93.6m).

Provided the UK summer weather was fair, he did not expect the business to suffer from the downturn in numbers of package holidaymakers abroad.

Interest payable in the twelve months amounted to £8.9m (£7m). Gearing stands at nearly 100 per cent, but a 4½ per cent sterling convertible Eurobond, where the terms have been altered to discourage near-term exercise of a put option, accounted for the bulk of borrowings. The balance of borrowings is in other currencies.

COMMENT

These results marked an aberration from LIG's expected growth path because the company was bouncing back from a bad previous year – when Mr Woltz talks about meeting targets, he really means 15 per cent year-on-year profits growth. Not to be sniffed at, one would have thought, in the current climate, and his confidence in achieving it underlines the recession-proof qualities of the business. Yet LIG's shares, up7p to 236p at the close, have been out of favour recently. One major reason for this has been worry about the Biogel glove: both in terms of how attractive it is to a surgeon, and against a background where Smith & Nephew has been coming under pressure in the US with more conventional surgeons' gloves. But the indications were yesterday that LIG's glove, quite a different sort of product from S&N's, was so far doing everything that had been hoped for. Group profits should total about £42m this year. The prospective multiple, under the sector norm at about 11.5, looks rather hard on the company.

Alan Woltz: confident of meeting targets

32% pay rise for BT chairman

By Hugo Dixon

MR IAIN VALLANCE, British Telecom's executive chairman, was awarded a 32 per cent earnings increase last year to £374,000.

The move will help keep alive the controversy surrounding large salary increases to top executives while the Government is trying to control pay rises in the economy.

Although Mr Vallance's salary is smaller than that of many chairmen of large companies, the increase compares with an 8.8 per cent offer which BT's unions recently rejected.

On top of a 25 per cent increase the previous year, Mr Vallance has received a total rise of 65 per cent over two years.

His latest rise is also considerably greater than the 12.4 per cent increase in BT's earnings per share before exceptional items in the financial year to March 31.

Earnings after the exceptional charge relating to a far-reaching reorganisation of the company's structure fell by 3.8 per cent.

BT defended Mr Vallance's pay rise on the grounds that it brought his salary more into line with chairmen of comparable companies. "He has one of the most responsible jobs in the country. He is still by no means in the top league."

BT's report and accounts, published yesterday, also reveal that the company paid compensation of £320,000 to Mr Graeme Odgers, its former managing director who left the company as part of the reorganisation.

This year's report and accounts has been redesigned to take advantage of new provisions in the Companies Act which allow companies to send briefer reports to their shareholders.

All shareholders will be sent both a normal long report and the briefer version. They will also be sent a prepaid reply card asking whether they wish to receive both documents in the future.

If most shareholders choose to take just the slim volume, BT could save hundreds of thousands of pounds in printing and postage.

£0.48m compensation for former Storehouse directors

By Maggie Urry

STOREHOUSE, the retail group which includes the BhS, Habitat and Mothercare chains, paid £475,860 in compensation and early retirement provisions to former directors in its last financial year, according to its accounts published yesterday.

This was a reduction on the previous year when ex-directors received £585,000. The group made profits before tax and exceptionals of £32.6m during the 1989-90 year, down from £60.4m.

The compensation was mainly given to Mr Geoff Davy, who left when Mr David Dworkin was brought in above him at BhS. A lesser amount went to Mr Jim Power, the finance director who retired early. Mr Pat Diamond, who had been in charge of retail services for the group, also left during the year but was not thought to benefit from the compensation payments.

Sir Terence Conran, former chairman, received £140,368 (£123,421) during the year, the rise reflected a pay increase half way through the previous year. Since the year end he has stepped down to become a non-executive director.

Mr Michael Julien, chief executive, was paid £257,993, up from £211,096 for the 10 months he held the job in the previous year.

Staveley up 12% at £24.5m

STAVELEY Industries, the measurement, mechanical and electrical services and manufacturing group, returned profits of £24.5m pre-tax for the 12 months to March 31, up 12 per cent on the previous year's £21.8m.

Trading profits increased by £3.2m to £27.9m, with a divisional breakdown showing measurement £10.4m (£9.2m), mechanical and electrical services £5.5m (£4.5m), manufacturing £1.7m (same) and minerals £10.3m (£9.3m).

Profit margins at the operating level improved from 10 per cent to 10.4 per cent, while the return on capital employed showed an advance from 28.4 per cent to 30.3 per cent. At the year-end gearing had been reduced from 38.6 per cent to 35.2 per cent. Order input was standing 15 per cent higher at £287m.

An extraordinary charge of £2.8m (£1.3m) largely related to rationalisation of Staveley Aerospace in California and the sale of Allstar in West Germany.

Sales rose from £243.1m to £264m and earnings emerged 2.3p higher at 22.5p. A final dividend of 5.5p raises the total by 0.8p to 7.6p.

Last April Staveley paid $34.8m (£21.8m) for Howe Richardson, which it said would fulfil its desire to build up its measurement operations in Europe.

The purchase was carried out via a one-for-four rights issue which raised £27.4m.

Shares dip 50p as Flexello hits bumpy ground

Shares of Flexello Castors & Wheels tumbled 50p to 96p yesterday after the Berkshire-based company unveiled an interim deficit and warned of a probable loss for the full year.

For the six months to March 31 1990, Flexello incurred a loss of £377,895, against profits of £507,987 in the comparable period of the previous year.

The loss was struck after interest charges of £227,243 (£156,670) and a special provision of £100,000 for potential stock obsolescence.

Mr Geoffrey Day, chairman, said the outcome reflected the "difficult conditions currently prevailing in the materials handling sector of British industry" and a significant reduction in demand during the second quarter.

The current high level of interest rates he added, had led to "continuing destocking and deferral or curtailment of projects by customers." This had reduced domestic sales by 17.6 per cent and in spite of an increase of 3.5 per cent in export sales, group turnover for the half year fell some 11 per cent to £7.39m (£8.28m).

Mr Day said the group's commitment to maintain investment in technology and product development in spite of high costs inoverheads meant that it was unlikely to trade profitably in the second half of the current year.

The loss per share emerged at 0.07p – against earnings of 10.12p – but the interim dividend is maintained at 1.67p.

Tarmac buys back preference stock

By Andrew Bolger

Tarmac, construction and building materials group, has conditionally agreed to repurchase preference stock which it issued in 1988 to Lone Star Industries, the US quarry and cement company.

Tarmac issued preference shares with a nominal value of $188m for the remaining 40 per cent of Lone Star's business based in Virginia and the Carolinas. Tarmac bought a 60 per cent stake in 1986.

It is paying an initial $5m (£2.9m) cash, with a further payment of $142m in September. It said the deal would provide it with a significant tax-free gain of $41m and reduce annual funding costs.

The repurchase will be funded from a new issue of dollar-denominated Auction Market Preferred Stock (Amps) by Tarmac in the US.

Scapa progresses to £45m

TAXABLE PROFITS at Scapa Group rose 14 per cent to £44.88m in the 12 months to March 31. This manufacturer of products for the paper and printing industries said exports had offset signs of economic downturn at home and in Canada.

Turnover rose from £254.78m to £284.18m and operating profit was £50.52m (£45.06m). The US increased its contribution by 20 per cent from £24.43m to £29.36m, UK input was up 8 per cent to £14.19m (£13.13m) but profit from other countries declined to £6.97m (£7.5m).

Directors said the company continued to invest in new plant and machinery during the year, to sustain its technical advantage. The acquisition of Just Rubber, a manufacturer of synthetic rubber, after the year end was in line with the strategy of developing its specialist markets.

Substantial investment had been made at Perseverance Mills to exploit opportunities for computer print tape and other light-weight textile materials. Further acquisitions in relevant areas continued to be pursued.

At the year end gearing had been reduced from 42 per cent to 30.2 per cent.

Directors recommended a final dividend of 3.85p for an increased total of 5.01p (4.39p). Earnings per share came through at 16.8p, against 14.7p.

UK COMPANY NEWS

£67m charges hit Johnson Matthey

By Kenneth Gooding, Mining Correspondent

CHARGES totalling £67.3m above and below the line turned a net attributable profit of £50m into a £37.8m loss at Johnson Matthey in the year to March 31. Taxable profit of the precious metals marketing and refining group fell 25 per cent from £64.4m to £48.2m.

However, the new senior management team said yesterday that the balance sheet was healthy, and cash flow strong. To show its confidence, the proposed dividend for the year is lifted from 8p to 8.5p.

A charge of £14m above-the-line was for the rationalisation programme previewed last month which will take "several hundred" jobs of all types out of world-wide operations. At present JM employs about 7,200 people.

The headcount at the headquarters in London and the US will be cut by half from 150 and 70 respectively.

Below-the-line charges of £53.3m related almost entirely to the planned closure of operations for the treatment of low-grade gold and silver products at the Brimsdown refinery in north London over the next three years. About 200 jobs will be lost. This should be self-financing because borrowed precious metal will gradually be released.

Mr David Davies, the former Hill Samuel chief executive who is JM's new chairman, said benefits from rationalisation measures would be fully felt in the 1991-92 financial year.

The objective was "to create businesses in the group which have greater critical mass, cut back the proliferation of peripheral activities and restore profit margins to acceptable levels." The targets were a 20 per cent return on net assets (16 per cent last financial year) and a 15 per cent return on equity (11 per cent).

Mr Davies said that, after careful consideration, the board had decided to retain the colours and printing division. Further diversification away from platinum group metals would be considered after the cost control exercise was completed in two years time.

He also stressed that research and development expenditure, which last year rose from £17m to £24m, would not be cut and was expected to be "slightly higher" this year.

Capital expenditure, up from £39m to £58m, would also remain at a relatively high level – about £50m this year.

Turnover rose from £1.43bn to £1.51bn. Operating profit before exceptional items was £62.9m (£67.6m). Tax took £17.1m (£12.5m). Earnings per share were 17.1p (28.4p).

Tony Andrews

David Davies: objective was to create businesses in group with greater critical mass and restore acceptable profit margins

COMMENT

Having been brought back from death's door by one company doctor in the shape of Eugene Anderson (currently applying surgery to Ferranti), Johnson Matthey is now in the hands of another. David Davies has started with shouts of "cuts all round" and we must hope that the fresh surgery does not do more damage than good. The Brimsdown refinery was under threat during the Anderson regime, but it is doubtful if the provisions for quitting this business would have been so great if he had still been around. A charge of £50m for 200 redundancies and writing off some old plant seems excessive, particularly compared with JM's previous net assets of £322m. Analysts suggest that it is virtually impossible to estimate the ultimate financial benefits of the latest rationalisation. Trading conditions in JM's principle sectors remain difficult and forecasts for current-year profits range from about £61m to £65m, which just about justifies the present share price – 6p lower last night at 258p and down from a high of 420p before the new management team marched in and started to give gloomy warnings.

RHM sells chocolate business to Suchard

By David Owen

RANKS HOVIS McDougall, the bakeries and food group in which Sir James Goldsmith's Sunningdale consortium holds a 29.9 per cent stake, has agreed to sell its S&A Lesme bulk chocolate business to Jacobs Suchard of Switzerland in a deal valuing the unit at £67.5m.

RHM explained the sale by saying that Lesme was not a core operation. The proceeds will be used to reduce borrowing; gearing is set to fall to virtually zero when the sale is completed.

Mr Paul Coker, deputy managing director, said that Lesme was different from most the bulk of RHM businesses in that its output was sold to other food manufacturers rather than through the grocery trade. "Once you go down that path, it is not a traditional core business," he said. The disposal had nothing to do with the Goldsmith shareholding, he added.

RHM, whose brands include Bisto gravy, Mr Kipling cakes and Golden Shred marmalade, acquired Lesme as part of its £281m contested purchase of Avana in 1987. It subsequently combined the operation with two smaller UK bulk chocolate companies in its possession.

Under the terms of the Swiss transaction, van Houten – Suchard's trading and industrial chocolate division – is to pay £63.5m for the fixed assets, stock and goodwill of Lesme.

RHM will retain assets – principally debtors, creditors and cash – worth a net £4m. The assets being disposed of had a book value of £27m as at April 20.

Suchard, one of the world's largest confectionery and coffee products manufacturers, intends to maintain Lesme's present operating base and expand its operations. In the year to September 2 the Banbury-based unit reported an operating profit of £7.1m.

RHM said yesterday that the deal was conditional on the Secretary of State for Trade and Industry not referring the acquisition to the Monopolies and Mergers Commission.

Prior to acceptance of RHM's Avana offer, Dr John Randall, Avana chairman, called for the MMC to investigate its impact on the markets for packaged cakes and chocolate couverture.

RHM shares closed 8p up at 371p.

VPI falls £1.89m into loss and considers options on future

By Alice Rawsthorn

VPI GROUP, the troubled public relations company which yesterday announced a plunge into losses, will review its future once the legal action against Mr Don Carter, the disgraced former head of its US subsidiary, has been resolved.

Mr Angus Maitland, chairman and chief executive, said the board was considering "a number of options" concerning the future ownership and structure of the group. These are thought to include the possibility of merging its UK interests with another company and selling Quorum Communications, the New York proxy solicitation company founded by Mr Carter.

VPI announced it would not pay an interim dividend after falling from pre-tax profits of £5.06m into a loss of £1.89m in the six months to March 31. Turnover was a lower £20.58m (£26.6m), while earnings per share tumbled from 7.4p to a loss of 4.2p. The shares, worth 115p a year ago, fell by another 4p to 16p yesterday.

VPI has lurched from crisis to crisis since New York State began a criminal investigation into Mr Carter's tax affairs last autumn.

The group has started legal action against him and hopes to reach an out of court settlement before he is sentenced on July 10. It is also pressing New York State to drop its criminal investigation into Quorum. The costs associated with the Carter case are covered by an extraordinary item of £1.29m.

Quorum's business has suffered severely: both from the publicity of the Carter scandal and the slump in US corporate activity. Its operating income fell from £6.94m to £3.68m and Mr Maitland said there would be a further deterioration in the second half.

The group's UK public relations consultancy managed to increase income from £4.36m to £4.62m, although its profits fell. Mr Maitland said the company had been affected by the economic slowdown in the UK and by the impact of the Carter scandal on new business. VPI's other UK interests experienced a reduction in income because of the slump in the advertising and design industries.

The consensus among analysts is that VPI is likely to produce a loss for the year.

French group set to take stake in ASD

By William Dawkins in Paris

USINOR SACILOR, the French steel producer, is to offer £11.5m for a minority stake in ASD, Britain's second largest steel stockholder, as part of the state-owned company's plans to move its European distribution closer to customers.

The French group will take a 20 per cent stake in ASD, following the agreement of Stemcor, the trading company which controls the UK stockholder.

Last year, USM-quoted ASD sold £206m of steel from 20 centres across Britain, employing 1,300 people.

Usinor Sacilor and ASD have also agreed jointly to build a steel service centre at Barking, near London, for cutting and finishing flat products. The centre will be 51 per cent owned by Usinor Sacilor, with the remaining 49 per cent held by ASD.

This marks a further departure from Usinor Sacilor's former policy of selling all its British steel through its own local sales offices. It follows a smaller recent acquisition, for £5.8m, of Altone Stainless Steels, a stockholder based near Birmingham.

The acquisitions and the joint venture will need the agreement of the European Commission.

Cater Allen calls for £14m

By David Barchard

CATER ALLEN, the City discount house and financial services group, is to raise £14m via a two-for-nine rights issue underwritten by Kleinwort Benson.

Mr James Barclay, chairman, said the proceeds would be used to finance capital growth in the group's subsidiaries including Shepherd Moneybrokers, acquired last year for £8m, and its bank on Jersey.

Cater Allen last went to the market for a rights issue in 1986 when it raised £18m.

Mr Barclay said that Shepherd Moneybrokers had performed much better than expected at the time of its purchase when a return of capital of 15 per cent had been forecast. It now required an increased capital base to take advantage of new opportunities, in particular in lending stock in foreign equities.

The market reacted cautiously to news of the rights issue and the shares closed at 418p, down 2p on the day.

Cater Allen also announced results for the year to April 30 which showed disclosed profits after tax up by 8.5 per cent from £7.44m to £8.08m in spite of a poor showing by the group's discount house core activities which contributed £760,000.

Though this was well up on the £480,000 made from discount house activities in 1989, it was still well below the levels of recent years. Mr Barclay said the poor showing reflected the difficulties of discount house operations in years when interest rates were unusually high.

Financial futures broking contributed £330,000, up from £180,000. Profits from Lloyds agency activities fell by some 9 per cent to £2.99m (£3.26m). The group's banking subsidiary in Jersey contributed £1.94m (£1.49m) and Shepherd Moneybroking contributed £1.42m (£570,000 for six months).

A final dividend of 19.13p is recommended, making 24.5p for the year (22.5p).

See Lex

TSB arm expands further into US

By David Barchard

NOBLE LOWNDES, the employee benefits and actuarial services subsidiary of TSB, has expanded its US operations with the purchase of The Johnson Companies, a Pennsylvania-based consultancy group.

The Johnson Companies are best known for their 401(K) money purchase savings pension plan which enables employees to match the return from their pension scheme to the purchasing power of contributions at the time they were made.

No price was disclosed for the acquisition which is expected to boost Noble Lowndes' annualised US revenues from £29m to £50m and increase its US workforce by 320 to 650.

The purchase will enable Noble Lowndes to add healthcare administration, compensation consulting, and executive benefits to the range of services it already has on offer in the US.

Mr Edward Johnson, the founder, is to remain chief executive officer of Noble Lowndes' Newtown office in Pennsylvania.

Mr Karl Daniels, Noble Lowndes' chairman and chief executive, said: "This acquisition fulfils our strategy to strengthen our presence in the north-east corridor."

The company said yesterday that US operations were expected to contribute 25 per cent of total earnings in 1991. The group's profits are included in returns for the commercial division of TSB and are not published separately.

Brunner assets up

Brunner Investment Trust ended the six months to May 31 with a net asset value of 196.3p (188.3p). Total revenue came to £3.15m (£2.65m). Earnings per share emerged at 2.47p (1.75p) and the interim dividend is lifted to 2p (1.7p), payable from earnings per share up from 1.75p to 2.47p. The directors intend to pay a total dividend of not less than 4.25p.

Waterford peace hopes

By Kieran Cooke in Dublin

WORKERS AT the crystal division of Waterford Wedgwood said they would hold a mass meeting this weekend to discuss latest developments in an 11-week-old strike which has halted production of luxury crystalware.

Employees had walked out after after the management withdrew certain bonus payments to a section of piece rate workers.

The management has spoken of the "dire consequences" of a prolonged strike.

Irish government officials involved in discussions between the union and management said they were now hopeful that some sort of peace formula would be worked out.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bradstock ....int	2.5†	Sept 27	2	-	7.5
Brunner Inv Tst ......int	2	-	1.7	-	3.75
Cater Allen ....fin	19.13	Aug 8	18.13	24.5	23.5
Cropper (J) ....fin	1.825	Aug 14	1.625	2.7	2.5
Darby § ....fin	2.1	July 27	1.25	3.3	1.25
Finlay (James) ......fin	2.15	July 26	2.15	4.15	4.15
FKI ....fin	2	Aug 20	-	4	-
Flexello Castors......int	1.67	July 31	1.67	-	5.4
Johnson Matthey ....fin	6	Aug 6	5.5	8.5	8
London Intl ....fin	5.65†	Oct 1	4.9	8.35	7.25
Lovell (YJ) ....int	2.2	Aug 31	2	-	8.75
N'umbrian Foods§....fin	0.75	Oct 1	0.75	1.5	1.5
Neotronics Tech ......int	0.8	Aug 31	0.6	-	1.8
Property P'ships......fin	4.1	July 30	3.5	6.35	5.5
Rothschild (J) ......fin	5	July 25	6.5	10	9.5
Scapa ....fin	3.58	Aug 24	3.115*	5.01	4.385
Staveley ....fin	5.5†	Aug 7	4.9	7.6	6.8
VPI ....int	nil	-	1.1	-	1.6
VSEL Consortium ....fin	15.5	-	8	20	11
Watson & Philip ......int	3.1	Aug 3	2.85	-	10.1
Whessoy ....int	1†	Oct 2	1	-	3†

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Eldridge Pope, Strata Investments, Trent.

Finals- Airsprung, BAA, Bulgin (AF), Davenport Knitwear, Hanover Druce, Severn Trent, Somic.

FUTURE DATES

Interims-

Bangkok Investments	June 20
Gestetner	June 25
Kleen-E-Ze	June 28

Finals-

Ellis & Everard	July 9
Ewart	June 20
Harris (Philip)	July 3
I & S Optimum Income Tst	June 27
Jones Stroud	July 12
London Merchant Secs	Sept. 6
Marina Developments	June 20
Oulligotts	June 20
Reed Executive	July 3
Rothmans Intl	June 27
Stockdale	June 29
Stormgard	June 27
Unit	June 29
United Industries	June 21
Wagon Industrial	June 28

UK COMPANY NEWS

Abortive takeover of Higgs and Hill cost an extraordinary £6m

YJ Lovell tumbles 17% to £8.4m

By Jane Fuller

YJ LOVELL (Holdings), the housing and construction company which failed to take over Higgs and Hill at the turn of the year, saw pre-tax profit fall by 17 per cent to £8.4m in the six months to March 31.

The cost of the abortive bid, included as part of £7.01m-worth of extraordinary items, was £6m. Of this, a £3.5m loss was made on a recently sold 10 per cent stake in Higgs, and the rest was professional fees and finance costs.

On the wisdom of the exercise, Mr Antony Hichens, chairman, said: "It would be hard to say that a failed bid was a good idea."

With turnover down by £1.1m to £173.82m, the main hole in pre-tax profit came on commercial development, which made £170,000, compared with £2.63m.

Mr Hichens said the income was all rent. The group had not taken on any new development projects for the past 18 months. "We shall miss the profit from the commercial side this year, but we do not miss the exposure."

Both this activity and construction played a supporting role to the group's main business of residential development.

On the housing side, pre-tax profit fell by 11 per cent to £5.21m on turnover nearly 6 per cent up at £87.01m. Sales of private houses fell from 560 to 429, although the average price advanced to £96,000 (£87,000). To cut costs, the London office was closed – at an extraordinary expense of £1m.

The outlook remained tough as it was estimated that the number of private housing starts nationwide could be 20 per cent down this year.

The partnership side, which involves work with local authorities, continued to grow: 806 units were sold at an average price of £55,000 compared with 715 and £45,000. Mr Hichens said that although this was low margin work, the return on capital was high because the partner supplied the land.

The US business had also grown; this included the sale of upgraded land on which planning permission had been gained.

Construction made considerable progress, recording £3.03m pre-tax, compared with £1.63m.

Antony Hichens: missing the profit from commercial side

Mr Andrew Wassell, chief executive, said that apart from the emphasis on improving contract margins, the group was providing a more extensive service for clients.

Earnings per share fell to 9.6p (11.49p). The interim dividend is being raised to 2.2p (2p).

● COMMENT

Although the damage to UK private housebuilding is being offset by partnership work and the US business, there seems little prospect of the group getting another £14m kick out of residential in the second half. And with commercial development virtually written off for this year, whereas it made £8m last time, a typical pre-tax profit forecast of £25m – compared with £33.4m – assumes a continued significant improvement in construction. This gives a prospective p/e of just over 8 on a share price of 234p, which has climbed back up from 190p six weeks ago. The company is well placed to bounce back as soon as confidence returns, but it will finish this year on gearing of more than last time's 44 per cent and has considerable off-balance sheet borrowings.

NEWS DIGEST

Changing Wheway up to £3.5m

WHEWAY CONTINUED to focus its activities on clean air and environmental engineering products in the six months to end-March which saw taxable profits rise 19 per cent to £3.51m, against £2.96m.

The clean air and environmental division's share of operating profit increased from 53 per cent to 73 per cent.

During the period the company sold its 50 per cent holding in Wheway Becker ending its 200-year involvement in chain making, resulting in most of the extraordinary charge of £657,000. It acquired Environmental Filter Corporation in the US.

Turnover was £55.15m (£45.23m). Stated earnings per share were 3.54p (3.96p) and the interim dividend is unchanged at 1p.

Watson & Philip rises 31% to £1.52m

Watson & Philip, the Dundee-based food distributor, lifted pre-tax profits 31 per cent from £1.16m to £1.52m in the 26 weeks to April 27.

Mr Ian Macpherson, chairman and chief executive, said he was pleased that all the company's main businesses had produced good growth.

Group turnover advanced to £122.4m (£111.62m) and interest took £287,000 (£174,000). Earnings rose only 17 per cent to 6.2p (5.3p) per share due to a full tax charge of 35 per cent, or £532,000, against 29 per cent, or £337,000, last time. The interim dividend is 3.1p (2.85p).

The company has sold Caterfrost, its specialist frozen food business which made pre-tax losses of £60,000 in the year to end-October 1989, to Brake Bros for about £1.9m. The two companies are co-operating in developing their specialist businesses in Scotland.

Profits halve to £1m at James Cropper

James Cropper, the Kendal-based paper and board maker, reported taxable profits for the year to March 31 almost halved to £1.02m, compared with £1.95m.

The result was affected by high interest rates, the rising cost of pulp and a substantial change in customer mix in the period.

Mr Oliver Acland, director, said that the outlook was more positive with a full order book in the papermaking division and the peaking of pulp prices.

He added that it had been decided to discontinue mg papermaking and invest in machinery capable of producing papers with a higher added value.

Turnover was 11 per cent higher at £39.15m, compared with £35.27m. After tax of £44,000 (£131,000) earnings per share were 12p (22.4p). The directors are proposing to raise the final dividend to 1.825p for a total for the year of 2.7p (2.5p).

The shares closed 4p higher at 127p.

Reinsurance helps lift Bradstock 33%

Bradstock Group, the insurance and reinsurance broker, lifted pre-tax profits by £1m, or 33 per cent, to £4.02m in the six months to March 31.

Mr Oliver Plunkett, chairman, said that both the direct and reinsurance sides of the business had shown good growth, with particularly strong progress in reinsurance brokerage.

Turnover increased 27 per cent to £9.81m (£7.72m), though administrative expenses grew to £7.5m (£5.9m). Investment and other income brought in £1.7m (£1.19m).

After tax of £1.54m (£1.17m) and minorities of £356,000 (£84,000), earnings rose to 8.5p (7.2p) per share. To reduce disparity the interim dividend is raised to 2.8p (2p).

UK SHARE OWNERSHIP

On Friday June 1, provisions of the Companies Act 1989 came into force requiring an investor owning 3 per cent or more of a UK public company to declare this ownership. The previous level at which disclosure had to be made was 5 per cent. The Financial Times is printing a summary of Stock Exchange announcements of disclosures of holdings of between 3 per cent and 5 per cent. Announcements in today's table include some made on Wednesday and those made yesterday for which space permits inclusion.

KEY

The companies in which the stakes have been disclosed are shown in bold.

For each, the names of the investors are followed by the shares they hold, in thousands, and the percentage this represents of the company's total shares outstanding.

Abtrust New Dawn
MGM Assurance 1480 (4.67%)
Pilkington Pension Funds 1,485 (4.65%)
South Yorkshire Pension Authority 1140 (3.60%)

Abtrust New Thai
Robert Fleming 456 (3.04%)

Acorn Investment Trust
Physiological Society Holdings 190 (3.20%)

Allison Laine Corporation
Biagenus Nominees 298 (4.82%)
Friends Provident Life Office 235 (3.80%)
RLM Staff Pension Trust 275 (4.45%)

Allied Insurance Brokers Group
Devonport Royal Dockyard Pension Trustee 330 (3.25%)

Anglo Irish Bank
Argosy 7,588 (-%)

BDA Holdings
Mars Security 446 (4.95%)

BM Group
Edinburgh Fund Managers 2,669 (3.43%)
Norwich Union Life Insurance Society 1,810 (3.02%)
Unilever Superannuation Fund 2,552 (4.26%)

BSG International
Prolific Asset Management 6,135 (3.02%)

British & Commonwealth Holdings
Globe Investment Trust 14,000 (3.67%)

Burmah Oil
Trustees, Cl 52rm Grp Pnsns & Oth Bnft Schm30 (3.94%)

CI Group
Gartmore Investment Management 3,946 (4.60%)

Cambridge Electronic Industries
Confederation Life Group 1,071 (4.60%)

Costain Group
National Westminster Bank 5,332 (3.00%)

Dennis Investment Trust
Dartmoor Investment Trust 360 (4.96%)
Midland Bank Trust Company 250 (3.54%)

Derwent Valley Holdings
GKN Group Pension Scheme 361 (4.60%)

Dobson Park Industrial
Confederation Life Group 5,187 (-%)

Electric & General Investment Company
WH Smith Pension Trust 3,226 (3.57%)

Electron House
Rolls Royce Pension Fund 576 (3.23%)
Throgmorton/Framlington 648 (3.61%)

Electronic Data Processing
Schroders 266 (3.07%)

Ere Group
Sun Life Assurance 2,498 (4.29%)

Exploration Company
El Oro Mining & Exploration 586 (4.94%)

F&C Germany Investment Trust
Norwich Union 1,815 (4.62%)

FII Group
Argosy Asset Management 420 (3.12%)

Greenwich Communications
Mars Security 347 (4.95%)

Hopkinsons Holdings
General Consolidated Investment Trust 2,000 (3.19%)

Iceland Frozen Foods Holdings
Edinburgh Fund Managers 2,736 (3.69%)

In Shops
Baillie Gifford 1,540 (4.32%)
Framlington Group 1,121 (3.15%)
Schroder Investment Management 1,526 (4.28%)
Standard Life Assurance 1,604 (4.50%)

Invesco MIM
Prudential Corporation 7,280 (3.04%)

Jove Investment Trust
Barclays Bank 800 (3.63%)
Dartmoor Investment Trust 696 (3.63%)
Invesco Mim 852 (3.86%)
Provincial Insurance 800 (3.63%)

Kingston Oil & Gas
James Billy Cain 842 (3.86%)
James Michael Cain 868 (3.98%)

Lancashire & London Investment
Invesco MIM 266 (3.10%)

Lalos
Mrs PA Gosling 6,419 (3.07%)

Lowland Investment Company
Bank of Scotland 867 (3.65%)

Morgan Crucible
Britannic Assurance 5,482 (4.03%)
Scottish Widows Investment Management 5,635 (4.14%)
TSB Group 4,343 (3.19%)

Morgan Crucible Company
Britannic Assurance 5,482 (4.03%)
Scottish Widows Investment Management 5,635 (4.14%)
TSB Group 4,343 (3.19%)

Multi-Trust
Ashohiumer Stah 149 (3.68%)

New Throgmorton Trust
Dartmoor Investment Trust 1,805 (4.61%)

Next
Schroders Investment Management 15,728 (4.28%)

Norcros
Invesco MIM 8,734 (4.97%)

Ocean Wilsons (Holdings)
Argosy Asset Management 1,400 (3.53%)

Overseas Investment Trust
Barclays Bank 1,202 (3.16%)
National Westminster Bank 1,686 (4.31%)

Precious Metals Trust
J Rothschild 480 (3.53%)

Presidio Oil
Universities Superannuation Scheme 880 (3.30%)

Provident Financial Group
M&G Group 1,710 (3.89%)

Quadrant Group
Life Association of Scotland 1,172 (3.70%)

RMC Group
Prudential Corporation 7,150 (3.69%)
Schroder Investment Management 7,449 (3.84%)

Radiotrust
BAT Industries 420 (4.88%)
Caledonia Investments 422 (4.90%)
Friends Provident Life 400 (4.65%)

Raine Industries
Barclays Bank 4,981 (3.68%)

Rosehaugh
BPC Investment Corporation 6,250 (4.60%)

Rowlinson Securities
Imperial Group Pension Trust 336 (4.20%)
Midland Bank 340 (4.39%)

Royal Bank of Scotland
Natwest Nominees 14 (3.40%)

Sage Group
TP Maxfield 888 (4.16%)

Scantronic Holdings
Gartmore Investment Management 1,097 (3.31%)
Schroder 1,404 (4.24%)

Shiloh
Mars Security 285 (4.81%)

Sidlaw Group
Grahame Rintoul Investment Trust 1,142 (3.62%)

Simon Engineering
Prudential Corporation 2,982 (3.45%)

Smith & Nephew
National Westminster Bank 33,610 (3.28%)

Specialeyes
Ralston Investment Trust 724 (-%)

Ted Pike Group
Laurence Keen 738 (3.38%)

Technology Project Services
BP Pension Trustees 180 (3.34%)

Templeton Emerging Markets Investment Trust
British Gas Pension Funds Management 1,470 (4.47%)

Thorn EMI
Imperial Chemicals Ind Pension Fund 868 (4.06%)

Triplex Lloyd
Prudential Assurance 1,626 (3.67%)
Scottish Amicable Investment Managers 2,121 (4.76%)

UDO Holdings
Capital House Investment Management 1,432 (4.99%)
Gartmore Investment Management 1,376 (4.79%)
Scottish Amicable Investment Managers 934 (3.26%)

United Guarantee
MGM Assurance 3,595 (4.60%)

VSEL Consortium
Barclays Bank 1,078 (3.02%)
Pearl Assurance 1,428 (3.99%)

Weston International Group
Postel Investment Management 4,368 (4.78%)

Wembley
Philips & Drew Fund Management 2,204 (3.02%)

COMMODITIES AND AGRICULTURE

Gold plunges below $350 on Middle East selling

By Kenneth Gooding, Mining Correspondent

A THIRD wave of Middle East selling in as many months sent the gold price crashing through the psychologically-important $350-a-troy-ounce level yesterday. In early London trading the price dropped more than $10 to $340.50 an ounce as near-panic selling threatened to engulf the market.

But buyers then stepped in and the price steadied. It closed last night in London at $345.75 an ounce, down $5.25 and a fresh four-year low.

Other precious metals, often linked with gold in speculators' trading operations, were dragged down by gold. Silver ended the day in London at $4.84 an ounce, down 22 cents and at depths not seen for more than 12 years. "It's amazing it has come down this low. Is it still a precious metal?" asked one dealer.

Platinum was less-affected and the price closed in London down $6.85 an ounce at $474.40.

Some analysts were encouraged by the fact that the gold price did not "go into free fall" to the next important chart support point of $335 an ounce and suggested the worst might be over for the metal.

Ms Rhona O'Connell, precious metals analyst at Shearson Lehman Hutton, suggested the same Saudi Arabian sellers who dumped gold in the London in March and May were probably in action again yesterday and that the same group stepped in to buy the gold back during the morning London "fix" when their anonymity was assured.

Mr Edwin Arnold, a vice president of Merrill Lynch International, said it was reasonable to suppose that central banks were buying gold yesterday – particularly those of South Africa and the Soviet Union which, as the two biggest gold producers, had a vested interest in supporting the price.

Both Ms O'Connell and Mr Arnold suggested that the Middle Eastern operators, having driven down the gold price, might now change tack and attempt to push it back up. "Trading is so thin that the price could rise quite sharply if they did," said Ms O'Connell.

Canadians seek gas profits down south

Larry Donovan describes producers' efforts to win a bigger share of the US market

WESTERN CANADIAN natural gas producers are making a determined effort to expand their small share of the vast US market. This comes at a time when the well-head price for natural gas is low, but marginal returns are being counter-balanced by a significant shift in the philosophical outlook of Canada's powerful regulatory agency, the National Energy Board, and the move by many companies to get into position to benefit from a growing shortage of an "environment friendly" fuel in the US.

The recent decision by the energy board to drop its cost-benefit test on natural gas exports will allow for a more market driven industry. According to the board, the purpose of the analysis was to evaluate an export project from "a public interest perspective rather than from the perspectives of private firms involved."

Alberta, Canada's largest producing province, sees the cancellation of the unpopular test as an opportunity to sell more natural gas without restrictions from Ottawa. Mr Hans Maciej, vice president of the Petroleum Association of Canada, is not sure what this will mean in extra sales to the US but adds that, until there is major pipeline construction, "there will not be much growth."

Transcanada Pipelines (TCPL) is leading the largest expansion in Canadian history with plans to add almost 1,600 km to its pipeline network. The C$2.6bn dollar venture will export gas primarily to New York, New Jersey and New England, supplying 570m cu ft a day through the proposed Iroquois line in the north-eastern US.

Mr Barry Luft, Vice President of Western Gas Marketing, is not deterred by current conditions as the TCPL subsidiary attempts to make inroads into the eastern US. Looking ahead, Mr Luft adds, it is a "new incremental market" that also provides "good netback prices."

Before the Canadian application is approved, a key question has to be resolved by the energy board. Traditionally, all users of new and existing pipelines have shared expansion costs, but now some major eastern Canadian buyers are demanding a user-pays policy because they see little benefit from the TCPL plan. It is expected that the board will make a decision on this by the autumn and it will probably be at least two years before TCPL's new facilities are in place.

Another project attracting attention in the industry is the proposed export of huge volumes of Arctic natural gas to the US. Departing from its usual course, the energy board has given three multinationals approval to ship the commodity without firm contracts from US buyers. Esso Resources Canada, Gulf Canada Resources and Shell Canada Resources want to sell 9.2 trillion (million million) cu ft of gas, virtually all of the proven reserves of the Mackenzie Delta.

The development of the natural gas fields and the construction of a pipeline to carry it to market will cost about C$11bn. The energy board predicts that delivery could start as early as 1996 but most analysts think it will be closer to the year 2000.

The magnitude of the proposal has stirred up an issue that has been lingering in the background for years – Canada's energy security. The NEB says the proposed exports are "not likely to cause Canadians difficulty in meeting their energy requirements at fair market prices," but others are not so sure.

The Nationalist Council of Canadians is convinced Ottawa has made a serious error. Under the "proportionality clause" of the year and half old free trade agreement between Canada and the US, Canada is now obligated to supply about 40 per cent of its production to the US. With the proposed huge volumes of Artic gas and other export applications the council calculates the share going to the US could be about 58 per cent. Ms Maude Barlow, the council's chairperson, argues that that level can erode Canada's ability to manage a key resource. The opposition Liberal party has reservations about the lack of a detailed energy board study on how growing environmental concerns will affect natural gas requirements. The board is to have that information next year.

Increasing green awareness has also prompted the board to call for environmental screenings on pipeline and gas export applications. The new rules are far-reaching – tracking the gas from where it is produced in Canada right to the burner tip in the US. This now includes the trillions of cubic feet coming from the Mackenzie Delta.

Mr Rick Preston, policy adviser for Esso Resources, says this will delay the project by months but will not put it in jeopardy. He adds that a lot of time is now being spent on trying to determine "what is expected" by the energy board. Some cynically suggest that what the board has removed in regulatory control with the right hand it has replaced with the left in the form of complicated environmental rules that the industry doesn't seem to understand. Mr Bob Buchanan, executive director of the Petroleum Resources Communication Foundation in Calgary, says what appears to be coming out of this is the need to recognise that there may be greater environmental concerns than "just what happens in our borders," but he wonders about the question of practicality on an individual corporate basis. If a Company is exporting to the US how do you go about measuring the implications?

Clarification is expected soon from the energy board but it seems the industry already has its strategy in place to meet the green era. Mr Richard Hillary, natural gas manager for the Independent Petroleum Association of Canada, says that during a transition period from fossil fuels it is beneficial to the environment to "actually promote these natural gas projects." He sees many companies pushing for "an exempt status" on this basis. He is also convinced that the long term prospects for Canadian producers "are excellent" because natural gas is a "green fuel" and will fetch a much higher price. He thinks rates will double within four or five years.

The attempt to bring together the Mackenzie Delta venture – one of the most complex and risky North American Energy projects of the decade – has prompted traditional business rivals to look at co-ordinating their efforts. This not only includes the producers but potential pipeline contractors – Foothills Pipe Lines, Interprovincial Pipe Lines, and the Polar Gas Consortium led by Transcanada Pipelines are exploring a single delivery system that would stretch for about 2,300 km up the rugged Mackenzie River Valley. There may be a cost saving in this, but it also presents a united front to help interest gas buyers. This group approach was in part brought about by watching the scuttling of a similar project in 1970s that led the Canadian Government to place a ten-year moratorium on moving large volumes of artic gas southwards.

Mr Bob Scott, Manager for major projects for Gulf Canada Resources, says it will be at least a year and a half before there are hard commitments from American buyers and he admits that the price will have to be "significantly more than it is now" before the Mackenzie Delta sponsors move ahead. Mr Scott says he doesn't want to underestimate the many challenges the company faces but he is confident it will go ahead.

Mr Ian Doig, a Calgary-based energy analyst, believes there is a reasonable chance that the project will proceed. He sees the price of gas as a key determining factor but also points to the vast reserves in Alaska which could be sticky problem. He predicts that the developers of an Alaskan gas will not see this opportunity go by "without showing up at the table," but he stresses the impetus that really sets the project in motion will be the signing of the first firm contracts with American buyers.

Quintette wins breathing space after customers halt payments

By Bernard Simon in Toronto

THE ESCALATING dispute between British Columbia's Quintette coal mine and its Japanese steel mill customers has led to a court order freezing the debt-burdened project's financial obligations for six months while it tries to complete a restructuring.

The order, issued by the British Columbia supreme court, follows a decision by the ten steel mills to halt payment for Quintette coal until they recover C$46m (£23m) awarded to them by an arbitration panel which recently delivered its report on a protracted price dispute between the mine and its customers.

Quintette is one of the world's biggest coal export projects, shipping up to 5m tonnes of metallurgical coal a year to the Japanese mills.

The C$2bn project, located in a remote part of north-east BC, is an unusually high-cost operation, and has suffered financial and technical difficulties since it started deliveries in late 1983.

The arbitration panel ordered Quintette to cut its price from C$102.90 a tonne to C$82.40 a tonne by next January, and to reimburse the mills for past overpayments. Quintette has appealed the decision, much to the anger of the Japanese, whose relations with the mine's biggest shareholder, Denison Mines of Toronto, have already been strained by the price dispute and personal tensions. The appeal will be heard in Vancouver on June 19.

Quintette's president Mr Paul Kostuik said yesterday that the company sought the restraining order because the price fixed by the arbitrators will fall below production and delivery costs from July 1. "The resulting cash squeeze, exacerbated by the witholding of payments by our Japanese customers, would not permit Quintette to meet its ongoing financial obligations," Mr Kostuik said.

The project's deepening difficulties give added urgency to a meeting called for Quintette's 56 bank lenders.

Bank of Montreal and Canadian Imperial Bank of Commerce, co-agents for the US$540m in outstanding project finance, sent a 30-page document to other members of the lending consortium earlier this week, setting out the arbitration panel's findings and inviting them to an early meeting in Toronto.

The banks' attitude is a critical element in the mine's future. Although Quintette has up to now met interest and debt repayment obligations, it has been forced to seek waivers from the lenders for other requirements in the loan agreements.

From the banks' point of view, the prices imposed by the panel are the worst of all worlds – not low enough to justify shutting the mine, but not high enough to warrant putting up large amounts of new money.

Negotiations among the banks themselves are expected to be arduous. Just over half Quintette's debt is held by Japanese institutions, which have so far been reluctant to accept write-offs on their loans. Some of the other banks are understood to have made substantial provisions for losses from the project.

Indonesian mine cuts nickel forecast

By Claire Bolderson in Jakarta

INDONESIA'S INCO Nickel mine has announced a 12.5 per cent reduction in its production forecasts because of technical problems.

Inco, which provides 7 per cent of the world's total Nickel output, is a subsidiary of the Canadian based Inco. The company, which claims to be the world's cheapest producer of Nickel, was recently floated on the Indonesian Stock Market.

Inco said its original plan to produce 80m lb of nickel during 1990 had been revised to 70m lb because part of its processing plant will have to be shut down in August for repairs. It added that the company's current capital expansion program was behind schedule and increased production capability planned for 1990 would therefore be delayed until early 1991.

The company said it had also assumed the availability of supplementary power from its thermal power plant but this would not now be available as construction work is needed at the plant.

Rubber demand forecast to outpace production

By David Blackwell

NATURAL RUBBER consumption is likely to outpace production until 1993, with a consequent revival in prices, according to the Economist Intelligence Unit.

"A persistent excess of consumption over production, reinforced by technical factors and the declining competitiveness of synthetic rubbers caused by rising oil prices, will give a reduction in the stock overhang which had bedevilled the market for much of its recent history," the EIU says in a special report.

The EIU puts opening world stocks this year at 1.2m tonnes and predicts a decline to 735,000 tonnes by 1994. It makes 1993 the low point in terms of months of consumption, at 1.5 months compared with this year's 2.3 months.

By 1994 production will have caught up with demand, after remaining weak this year and in 1991. The EIU estimates output this year at 5.26m tonnes against consumption of 5.4m tonnes; by 1994 production is expected to be 6.2m tonnes and consumption 6.07m tonnes.

Prices are predicted to accelerate to a peak in 1992. Beyond 1992, pressure on prices is likely to ease as the gap between demand and supply disappears.

The International Rubber Organisation daily indicator price – 182.59 Malaysian cents a kilogram on Wednesday – is seen as averaging 192 cents this year, rising to 262 cents in 1993 and easing to 259 cents the following year.

● *Natural Rubber – Prospects for the 1990s. The Economist Intelligence Unit, 40 Duke Street, London W1A 1DW.*

Inro to review support price

THE INTERNATIONAL Natural Rubber Organisation (INRO) is to review its reference price at a council meeting on July 10 and 11, Reuters reports from Kuala Lumpur.

Speculation about a review of the reference price, currently fixed at 218.1 Malaysian cents a kilogram, caused prices in the local market to fall on Wednesday and yesterday. Mr Aldo Hofmeister, buffer stock manager, said that any price revision would be subject to the council's approval.

The buffer stock manager buys and sells rubber depending on the the reference price. The price, which must be reviewed every 15 months, was last reviewed in April 1989.

Under the rules, the reference price is automatically revised downwards by 5 per cent if the average daily market indicator prices over a six-month period leading up to the review is below 185 cents.

Offshore expansion plan for Danish bacon industry

By Hilary Barnes in Copenhagen

THE DANISH division of the UK-based APV group and Hafnia, the Danish financial services group, are spear-heading a project to maintain the strategic position of the Danish pigmeat industry by developing commercial pig production abroad.

The aim is to combine Danish know-how with low production costs in selected countries in order to obtain the marketing and political benefits of local production, said Mr Per Villum Hansen, the Hafnia group's chief executive.

The Hafnia Bank and Intercool Food Technology, a consortium including APV Pasilac, Tulip, the large slaughterhouse group, and BHJ Holding, which comprises leading Danish food technology firms, have set up a project design company, Dagro, which other investors will be invited to join later on.

The group has its eye on projects in Poland, Malaysia, Australia and South Korea. These will be integrated projects in which the pigs will be bred and maintained and the meat processed to Danish standards, said Intercool's chairman Mr Jorn B. Jensen.

Denmark is one of the world's biggest pigmeat exporters, sending 560,000 tonnes of fresh and frozen meat and another 200,000 tonnes of canned products abroad last year.

The revenue, DKr17bn (£1.5bn), makes pigmeat Denmark's biggest single export earner, accounting for about 8 per cent of total visible exports.

Production was about 15.5m pigs last year but scope is limited for expansion at home.

WORLD COMMODITIES PRICES

MARKET REPORT

WORLD SUGAR prices plunged yesterday as wave after wave of speculative selling hit the market. "Its going straight down the drain," commented one trader; "The market's simply got no buying in it," said another. In the morning the London daily raws price was fixed at $314 a tonne, the lowest level of the year, and on the London Futures and Options Exchange the October futures price closed at $272.80 a tonne, down $13 on the day. Lawrence Eagles, analyst with GNI, a London broker, blamed the selling on the prospect of heavy Cuban sales and the fact that buyers including the Soviet Union and India were holding back. Coffee futures were also weak, with the July price finishing £16 down at £601 a tonne. The price had earlier dipped to £597 a tonne, mainly reflecting sterling's strength against the dollar. At the London Metal Exchange most prices steadied a little. Cash aluminium gained $9 to $1,579 a tonne on short-covering in a thin market. Copper values edged upward, but the market remained close to a support point below which further selling might be triggered.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.25-4.35w	+0.35
Brent Blend	$16.64-6.68w	+0.21
W.T.I. (1 pm est)	$18.08-8.10w	+0.06
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$220-222	+4
Gas Oil	$146-148	+5½
Heavy Fuel Oil	$60-61	+7
Naphtha	$146-148	+3
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$345.75	-5.25
Silver (per troy oz)♣	483c	-13
Platinum (per troy oz)	$474.40	-6.85
Palladium (per troy oz)	$113.75	-2.00
Aluminium (free market)	$1570	-15
Copper (US Producer)	116¼c	
Lead (US Producer)	45c	
Nickel (free market)	390c	+5
Tin (Kuala Lumpur market)	16.46r	-.04
Tin (New York)	289c	
Zinc (US Prime Western)	87½c	
Cattle (live weight)†	110.17p	+0.65*
Sheep (dead weight)†	187.71p	-4.13*
Pigs (live weight)†	109.81p	+3.19*
London daily sugar (raw)	$314.0v	-2.0
London daily sugar (white)	$403.0v	-8.0
Tate and Lyle export price	£295.5	-2.5
Barley (English feed)	£114.5y	
Maize (US No. 3 yellow)	£145.0	+0.5
Wheat (US Dark Northern)	£124.5	
Rubber (Jul)♥	54.25p	-0.50
Rubber (Aug)♥	54.75p	-0.50
Rubber (KL RSS No 1 Jun)	229.5m	-0.5
Coconut oil (Philippines)§	$317.5z	-7.5
Palm Oil (Malaysian)§	$265q	-5
Copra (Philippines)§	$210	
Soyabeans (US)	£160	-1
Cotton "A" index	89.75c	
Wooltops (64s Super)	485p	-10

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul. t-May/Jul. u-Oct/Dec v-Jun/Jul. w-Aug z-Jul/Aug y-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Aug	275.80	289.40	287.00	271.00
Oct	272.80	285.80	283.20	267.00
Dec	275.00	284.00	285.00	275.00
Mar	259.00	270.00	263.00	254.00
May	256.00	269.80	268.00	256.00
Aug	256.00	269.80	267.80	255.00
Oct	260.00	269.00	265.00	260.00
White	**Close**	**Previous**	**High/Low**	
Aug	377.0	399.0	389.0	374.0
Oct	351.0	365.5	366.5	349.5
Dec	341.0	358.5	356.5	341.0
Mar	339.0	351.0	352.1	337.0
May	341.0	350.5	348.0	339.0
Aug	335.0	348.0	343.0	336.0
Oct	325.0	337.8	332.0	325.0

Turnover: Raw 6782 (6966) lots of 50 tonnes. White 1992 (2003)
Paris- White (FFr per tonne): Aug 2145, Oct 2010, Dec 1969, Mar 1957, May 1955

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low	
Jul	16.10	16.00	16.30	16.00
Aug	16.62	16.47	16.85	16.55
Sep	17.06	16.90	17.24	17.00
Oct	17.50	17.20	17.50	17.30
IPE Index	15.87	15.81	15.87	15.87

Turnover: 9604 (11123)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low	
Jul	147.00	146.50	146.75	145.25
Aug	148.00	147.50	150.00	146.25
Sep	150.50	150.00	152.25	149.00
Oct	153.50	154.00	155.00	152.00
Nov	155.50	156.00	157.00	154.75
Dec	157.50	158.00	158.50	156.00
Mar	152.00	149.00	154.00	152.00

Turnover 10087 (6064) lots of 100 tonnes

FRUIT & VEGETABLES

The English strawberry season is now in full swing with top quality strawberries at 40-70p a ½lb (35-65p), reports FFVIB. Pick your own season strawberries range from 40-55p. Southern hemisphere apples remain abundant at 38-60p a lb (39-60p), along with bananas at 30-55p (39-65p), oranges at 8-20p each (8-20p). New crop English carrots at 24-35p a lb (34-40p), broad beans at 30-55p (30-50p). Celery is still a superb salad buy at 40-70p a head (40-70p). Cucumber at 45-70p each (35-70p). Spring onions at 25-35p a bunch (20-32p) and tomatoes at 45-65p a lb (45-70p) depending on variety, are all great value.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low	
Jul	776	800	791	774
Sep	798	821	815	795
Dec	818	842	837	815
Mar	836	854	856	837
May	858	875	873	857
Jul	878	896	892	877
Sep	894	912	[illegible]	[illegible]

Turnover: 5860 (6116) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 13 1000.44 (984.27) 10 day average for Jun 14 1037.08 (1051.21)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low	
Jul	584	601	595	578
Sep	600	617	612	597
Nov	616	[illegible]	627	615
Jan	633	650	645	633
Mar	646	666	660	646
May	670	682	672	670
Jul	695	698	695	685

turnover: 7040 (4066) lots of 5 tonnes
ICO indicator prices (US cents per pound) for June 13: Comp. daily 71.18 (71.10). 15 day average 72.98 (73.21)

POTATOES – BFE (£/tonne)

	Close	Previous	High/Low	
Nov	103.0	105.0	103.0	103.0
Apr	154.9	150.5	165.0	152.0
May	166.0	163.0	166.0	166.0

Turnover 162 (172) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)

	Close	Previous	High/Low
Oct	118.00	118.00	118.00

Turnover 20 (191) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)

	Close	Previous	High/Low	
Jun	1150	1161	1160	1150
Jul	1026	1042	1042	1020
Oct	1115	1143	1131	1115
Jan	1137	1155	1150	1135
Apr	1138	1160	1145	1143
BFI	1232	1243	1232	1232

Turnover 259 (208)

GRAINS – BFE (£/tonne)

Wheat	Close	Previous	High/Low	
Jun	119.50	119.85	119.50	119.50
Nov	117.60	117.55	117.70	117.55
Mar	124.60	124.65	124.85	124.60
May	127.50	113.40	127.50	127.45
Jun	128.60	117.55	128.60	128.50
Barley	**Close**	**Previous**	**High/Low**	
Sep	112.15	112.00	112.25	112.10
Nov	116.45	116.30	116.65	116.50
Jan	119.80	119.70	119.90	119.80
Mar	122.80	122.70	122.80	122.80
May	124.00	123.90	124.00	124.00

Turnover: Wheat 83 (57), Barley 141 (209). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Aug	121.0	121.3	122.0	
Oct	122.3	121.5	122.0	
Nov	119.9	120.3	120.5	120.0

Turnover 45 (32) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 5,256 lots	
Cash	1578-81	1569-72		1580-1		
3 months	1593-5	1586-7	1597/1584	1594-5	1589-90	45,933 lots
Copper, Grade A (£ per tonne)					Total daily turnover 11,723 lots	
Cash	1498-9	1494-5	1495/1488	1498-5		
3 months	1454-5	1449-50	1454/1442	1443-4	1444-5	81,730 lots
Lead (£ per tonne)					Total daily turnover 1,387 lots	
Cash	482.5-3	481-3	483/482	481.5-2		
3 months	489.5-9.75	486-8	489/488.25	489.25-.5	489-90	10,275 lots
Nickel ($ per tonne)					Total daily turnover 1,330 lots	
Cash	8550-600	8350-400	8415/8415	8410-5		
3 months	8500-50	8325-50	8575/8390	8405-10	8500-25	8,707 lots
Tin ($ per tonne)					Total daily turnover 1,086 lots	
Cash	6155-65	6170-80	6150/6150	6145-50		
3 months	6280-5	6295-300	6290/6270	6275-280	6260-70	6,280 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 2,373 lots	
Cash	1660-5	1670-5	1663/1660	1661-2		
3 months	1625-6	1625-30	1630/1623	1626-8	1625-30	19,185 lots

LME Closing £/$ rate: SPOT: 1.7070 3 months: 1.6755 6 months: 1.6542 9 months: 1.6336

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	345½-346	202¼-202¾
Opening	351½-352	205½-206
Morning fix	348.75	202.305
Afternoon fix	345.85	202.334
Day's high	351½-352	
Day's low	339-341	
Coins	**$ price**	**£ equivalent**
Mapleleaf	355-360	207-210
Britannia	355-360	207-210
US Eagle	355-360	207-210
Angel	354¼-359¼	206¾-209¾
Krugerrand	345-348	202-203½
New Sov.	81-82	47-47½
Old Sov.	81-82	47-47¾
Noble Plat	480.10-487.70	280.60-285.05
Silver fix	**p/fine oz**	**US cts equiv**
Spot	286.60	491.00
3 months	297.35	501.30
6 months	309.10	511.35
12 months	326.50	532.80

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sep	July	Sep
1500	89	105	2	17
1600	20	46	33	55
1700	1	15	113	122
Copper (Grade A)	**Calls**		**Puts**	
2350	157	130	4	57
2450	78	79	22	103
2550	26	44	70	166
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
550	35	69	1	19
600	5	41	21	41
650		23	66	23
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
750	29	70	3	24
800	3	42	27	46
850		25	74	79
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1600	98		18	
1650	62		33	
1700	41	63	56	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jun	346.5	352.0	347.0	346.5
Jul	347.7	353.0	0	0
Aug	349.8	355.1	350.3	348.2
Oct	354.2	359.6	354.4	352.5
Dec	358.8	364.3	359.2	357.0
Feb	363.3	368.9	364.0	362.0
Apr	367.6	373.3	367.6	366.2
Jun	373.1	377.9	372.0	371.4
Aug	376.5	382.4	376.4	375.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	476.5	481.2	477.5	471.5
Oct	481.1	486.2	482.5	475.5
Jan	486.2	491.2	489.0	484.0
Apr	491.3	496.2	494.0	488.2
Jul	496.0	501.2	495.0	495.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jun	477.0	491.5	496.0	474.0
Jul	478.5	493.3	493.0	477.5
Aug	482.3	497.2	0	0
Sep	486.4	501.4	501.3	485.0
Dec	496.9	512.4	513.0	496.0
Jan	500.1	515.8	515.0	503.0
Mar	507.2	523.1	523.1	506.0
May	514.3	530.4	530.4	514.0
Jul	521.5	537.8	537.8	522.0
Sep	529.3	545.8	545.0	530.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	112.70	111.25	113.10	111.00
Jul	110.60	109.60	111.30	108.90
Aug	109.50	108.10	109.50	108.10
Sep	107.80	107.10	108.00	106.80
Oct	106.65	105.95	105.80	105.80
Nov	105.45	104.90	0	0
Dec	104.30	103.70	103.80	103.25
Jan	103.20	102.80	0	0
Mar	101.00	100.40	.50	99.90
Apr	100.45	99.85	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jul	17.23	17.88	17.84	17.20
Aug	17.96	18.19	18.50	17.82
Oct	18.65	18.93	19.25	18.65
Nov	19.14	19.16	19.50	19.13
Dec	19.30	19.36	19.65	19.29
Jan	19.40	19.42	19.69	19.40
Feb	19.44	19.47	19.82	19.44
Mar	19.62	19.50	19.85	19.64

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jul	4875	4857	4950	4860
Aug	4935	4933	5010	4910
Sep	5090	5093	5170	5080
Oct	5215	5217	5290	5210
Nov	5335	5332	5390	5330
Dec	5430	5432	5495	5430
Jan	5500	5500	5560	5485
Feb	5480	5480	5535	5500
Mar	5325	5310	5360	5325

COCOA 10 tonnes; $/tonnes

	Close	Previous	High/Low	
Jul	1191	1222	1224	1185
Sep	1226	1253	1257	1219
Dec	1257	1284	1283	1251
Mar	1280	1309	1307	1273
May	1297	1324	1324	1292
Jul	1313	1340	1344	1313
Sep	1330	1356	1356	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	87.10	91.75	91.20	86.70
Sep	89.40	94.00	93.45	89.05
Dec	92.50	97.20	96.60	92.00
Mar	94.95	99.60	99.15	94.75
May	97.00	101.60	100.80	96.75
Jul	98.70	103.60	103.50	0
Sep	102.00	105.35	105.50	101.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	12.25	12.92	12.90	12.15
Oct	12.13	12.72	12.66	11.97
Mar	11.65	12.15	12.10	11.65
May	11.87	12.15	12.05	11.85
Jul	11.56	12.06	11.99	11.56
Oct	11.60	12.10	11.93	11.77

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	80.50	80.26	81.12	79.40
Oct	75.00	75.34	75.70	74.10
Dec	71.35	72.02	72.19	70.85
Oct	68.00	68.08	67.90	67.90

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	190.15	192.40	192.00	188.90
Sep	187.10	189.15	188.90	186.75
Nov	182.50	183.05	183.30	181.25
Jan	179.70	180.20	179.85	179.50
Mar	179.50	180.20	180.00	179.50
May	178.50	179.30	0	0
Jul	178.50	179.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jun 14	Jun 13	mnth ago	yr ago
1852.5	1861.5	1911.9	2035.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Jun 13	Jun 12	mnth ago	yr ago
Spot	130.95	131.63	135.10	131.54
Futures	132.38	133.08	133.64	131.51

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	591/2	606/0	602/4	588/0
Aug	597/0	612/2	608/0	594/0
Sep	600/0	618/0	611/0	597/4
Nov	608/6	623/2	619/0	605/0
Jan	618/6	633/4	629/0	616/0
Mar	630/0	644/0	639/4	626/4
May	640/0	653/4	647/4	636/0
Jul	645/0	660/0	651/0	643/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	24.14	24.49	24.34	23.82
Aug	23.93	24.28	24.12	23.66
Sep	23.77	24.10	23.90	23.48
Oct	23.36	23.71	23.60	23.18
Dec	23.03	23.30	23.21	22.90
Jan	22.88	23.10	22.90	22.16
Mar	22.82	22.90	22.75	22.15
May	22.42	22.67	22.68	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	172.6	176.0	175.5	[illegible]
Aug	173.8	177.6	177.2	[illegible]
Sep	175.9	179.8	178.7	[illegible]
Oct	177.3	181.1	180.5	177.0
Dec	180.2	184.4	183.6	180.0
Jan	181.1	185.5	185.0	181.1
Mar	184.2	187.7	187.0	184.0
May	185.5	189.3	188.5	185.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	287/0	290/2	288/6	282/4
Sep	282/6	286/0	285/0	278/6
Dec	279/4	281/6	280/0	275/0
Mar	285/0	287/4	285/2	280/0
May	287/6	290/2	288/2	284/0
Jul	289/6	292/2	291/0	287/0
Sep	278/0	279/4	278/0	276/0
Dec	269/0	270/4	270/4	267/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	332/6	334/2	335/0	331/4
Sep	338/0	339/2	340/2	337/0
Dec	351/6	353/6	354/4	351/4
Mar	359/4	361/0	360/0	357/6
May	356/2	357/0	358/4	355/0
Jul	348/0	350/0	350/0	347/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	76.67	76.77	76.82	76.25
Aug	74.17	74.62	74.55	73.65
Oct	76.02	76.45	76.40	75.17
Dec	75.92	76.37	76.40	75.10
Feb	75.42	75.92	75.80	75.00
Apr	76.65	76.95	77.00	76.05
Jun	73.55	73.80	73.87	73.20

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	62.67	64.17	64.15	62.67
Jul	60.80	62.30	62.05	60.80
Aug	58.72	60.22	60.05	58.72
Oct	53.32	54.72	54.65	53.22
Dec	52.60	53.92	53.80	52.42
Feb	50.25	51.37	51.22	49.87
Apr	47.45	48.25	48.00	47.30
Jun	50.55	51.35	51.35	50.55

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	68.45	70.45	70.75	68.45
Aug	65.67	67.67	67.45	65.67
Feb	61.57	63.35	63.00	61.35
Mar	61.25	62.56	62.25	60.55
May	61.70	63.35	62.40	61.35

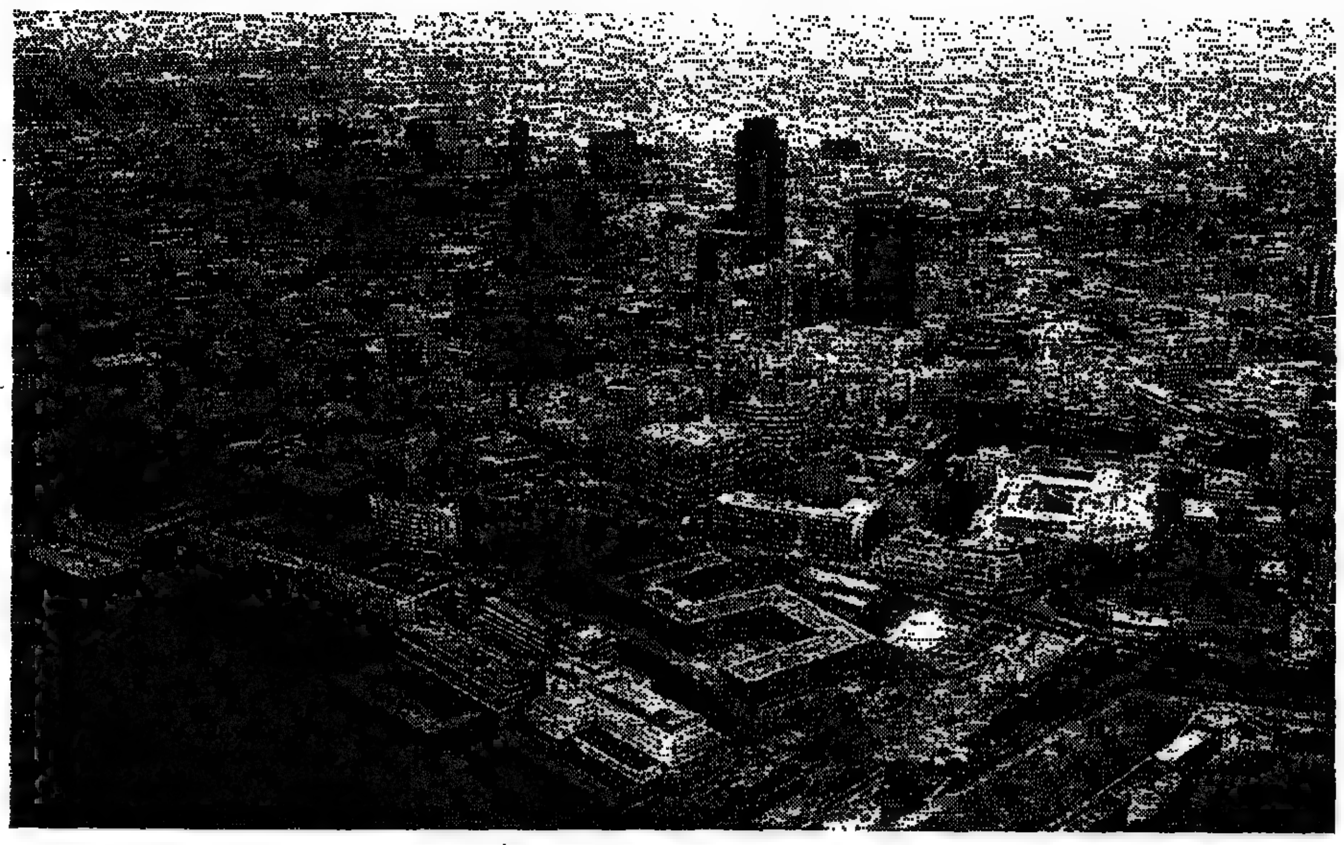
FINANCIAL TIMES SURVEY

OFFICE PROPERTY

Friday June 15, 1990

The buoyancy of the market has subsided, the office property sector hurt by the slowdown in the economy. However, **Paul Cheeseright** writes, the technical requirements of the modern office will ensure a continuing process of renewing outdated buildings

Sobriety after the goldrush



The City of London: more than 75 per cent of office stock was built before 1980 and does not fulfil modern requirements

Picture: Glyn Genin

GOOD cheer has evaporated from the office property sector as high interest rates have taken their toll of economic confidence. Apprehension about the future has spread as some developers have run into financial problems. The heady optimism of two years ago has gone; the hopes of a rapid resumption of economic growth have steadily receded.

None of this is to suggest that no business is being done in the sector. It is, but it all takes longer. The range of choice available to potential tenants and owners entering the market is wider as the development surge of the late 1980s comes to fruition, but for them there is no need to hurry. Also, the economic environment is making companies cautious about new commitments.

Further, it would be wrong to suggest that smiles everywhere have been supplanted by frowns. The performance of the sector differs from city to city; the underlying supply and demand balance shifts from region to region.

Broadly there are two factors at play in the marketplace. The first is that which has traditionally plagued the property sector: the development cycle. Demand builds up in the economy creating a demand for more offices; the property industry responds, often with unrestrained enthusiasm. The demand is satisfied; space is left vacant. Then the cycle starts again.

The cycle moves at a different pace and in different phases from one city to the next. The upside started in the City of London in 1985-86 and then spread to the regions. The downside also started in the City of London, at the end of 1988, and again spread outwards. There is now a case to argue that the regional markets are stronger than that of the City, and certainly that of London Docklands.

This disparity between the different markets has been demonstrated by the Investment Property Databank, where analysis of institutional portfolios showed that rental growth in London last year was less than 10 per cent, while in the south of England it was 22 per cent and in the rest of the UK 32 per cent.

Similarly with yields: Hillier Parker, chartered surveyors, measured a rise of 0.6 of a percentage point in office yields between February and May 1990, taking them to 7.9 per cent, the highest since 1975. But, Hillier Parker pointed out, the biggest decline of capital values took place in the south of England. The widening of yields was least marked in Scotland.

Here, then, is the downside of the property cycle. But what would have been in historical terms a natural shift in the market as it changed from undersupply to oversupply has been made the more serious by the second factor underlying the events of the marketplace. This is the coincidence of the economic downturn with the downside of the cycle.

When in 1988 the UK Government started to push up interest rates to curb consumer demand and rectify the balance of payments, it was assumed this would be a shortlived process. Each successive step higher in interest rates has disproved that early optimism, and when base rates hit 15 per cent last October, confidence seeped away from the market.

The result has been that the effects of the downside of the cycle are more severe than would have been the case had the economy continued to grow. Ultimately, the demand for office property is conditioned by the strength of the economy.

It is against this background that phenomena peculiar to the sector are creating their own financial tensions. The first of these is at the point where office property in the traditional sense merges with industrial property. This is B1, which, in planning terms, means buildings can can be used for general purposes.

Seeing in the late 1980s a sharply growing economy, some developers rushed out and bought sites which might have been more appropriate for purely industrial use and used them to create B1 premises, with the emphasis on the office content. It was a natural emphasis to the extent that offices would provide them with the highest return.

The effect has been twofold. First, more B1 space has been created than the market can absorb. If all the plans in the pipeline came to fruition, according to Applied Property Research, there would be enough space available for 30 years at current rates of take-up. This is academic because many of the plans will now be quietly buried, but the figures indicate the scale of the enthusiasm.

The second effect was to distort land prices, pushing them upwards so the land had an economic value only for offices. This in turn has led, in the south east of England at least, to a shortage of land for industrial and warehousing purposes.

The B1 phenomenon throws into relief another characteristic of the office market. It is the gradual move towards decentralised offices. Put another way this signifies companies are ready to locate their offices in areas outside the traditional town centre.

This is partly a question of space and partly one of finding sylvan settings more congenial than a dusty and probably congested town centre. Parks have been created to accommodate not only the high technology companies which have long worked in such surroundings, but also financial and professional companies. Thus the spread of parks down the Thames Valley; the expansion of Edinburgh and Bristol office sectors to parks outside; and the development of Docklands.

What these two phenomena illustrate is that the nature of the office property business is changing. The speed of change may alter in line with the normal cycle of supply and demand, but it will continue because the demands of the office occupiers are changing. They demand higher standards of accommodation, both to meet the environmental and social needs of their employees and to meet the demands of efficiency.

Once the internal demands for better accommodation are allied to corporate expansion, the momentum towards taking new premises becomes irresistible. In a word, this is the white collar sector re-equipping.

Given that, as an example, 76 per cent of the central London office stock was built before 1980, there is a great deal of re-equipping to do. This older stock, noted Jones Lang Wootton, chartered surveyors, does not fulfil modern requirements for information technology, larger floorplates, air conditioning etc.

There is, then, in the office sector, a dynamic which means that at some level development will continue. The question is where to do it, and this question becomes the more acute in times of economic downturn.

The approach of the larger British property investment companies – Land Securities, MEPC, Hammerson – has been to concentrate on producing up-to-date buildings in city centres. Traditionally this is where the growth has been; the market has always been more erratic around the fringes.

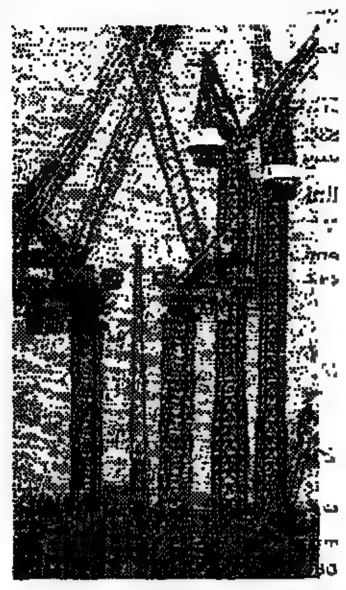
But others, like Olympia & York, the Canadian developer of the giant Canary Wharf scheme in London Docklands, have argued that more space is needed than tends to be available in the heart of cities.

Groups such as O & Y will carry on regardless of the immediate changes in the economy. But for the overstretched and smaller developer to be complimented on the role it is playing in an historical trend is little consolation.

The experience of some developers in London Docklands – watching their market disappear at the same time as their financial costs increase – demonstrates the problems of the sectors, and explains why now there is little good cheer. Not only has the slowdown in the economy inclined potential tenants to stay where they are and defer expansion, but it has also made property investment even less attractive to the institutions.

Total returns on offices have dropped from 38.8 per cent in the year to January 1989 to about 14 per cent a year, according to the IPD. There is little reason to buy now unless for the next upturn of the cycle – in 1992-3 perhaps.

In this survey



Editorial production: Heather Parker

The landmark Midland Montagu building in Lower Thames Street — a centrally situated success story

The industry is failing its customers, writes David Lawson

A catalogue of complaints

BRITISH reserve can be gloriously attractive to foreigners. Americans in particular have learned from old movies and imported TV series that all but a minority of colourful Cockneys claim this delightfully elegant calm as a birthright.

Dealing first-hand with such national characteristics can be more disturbing, however. "At times I get really angry with some of your people," says one US financier still wrestling with the national psyche after three years in London. "I just wish they would get angry in return. I go out for a steak and watch someone struggling with a piece of shoe-leather. But he won't complain. I would be stamping around the room screaming at the chef.

"The same happens with a piece of real estate. They take out ridiculously long 25-year leases with onerous commitments to pay repair and insurance costs that no American tenant would accept. And they still don't kick up a fuss when the building proves to be dreadful. Yet when I ask, they come out with a stream of complaints as long as your arm."

The same message comes through every time a research team takes the trouble to ask office users what they think of their workplace. And every time the researchers express the same sense of surprise. The British property industry appears inherently unable to understand, or satisfy its customers.

Throughout the Eighties, complaints centred on a lack of provision for cable runs and air-conditioning for the rash of computer terminals appearing on desks of offices. Developers caught up with that market trend and it is hard to find a new building nowadays without a raised floor and beefed-up environmental controls.

That does not seem to have solved some fundamental problems. Many tenants remain dissatisfied with the way the technology works. A sweep through 250 companies in more than 50 towns by agents Healey & Baker discovered that technical advances had not produced a revolutionary reduction in gripes. For instance, almost a third remained unhappy with the internal environment controls of their premises.

This is partly because the goalposts have moved since H & B last tested the market in 1986. Tenants are setting a series of new demands because of an increasing awareness of environmental concerns. Fears over "sick building" syndrome and Legionnaire's Disease are merely the sharp end of concern for staff welfare – although this may be more to do with the difficulty of attracting skilled workers than any emergence of altruism. But new evidence is emerging of a continuing undercurrent of mute anger about the quality of buildings, which may indicate that the development industry remains flawed.

Business parks were meant to be the panacea for most problems inflicted on town-centre offices by space and planning constraints. Yet six months of talks with more than 50 major space users by one research team has produced disturbing signs of deep dissatisfaction with this new generation of property. Developers come out badly, condemned by one company as "ostriches, with their heads firmly buried in the sand." Agents used to letting almost anything through the boom years are accused of ignorance about the buildings they sell. Architects do no better. They show a woeful lack of knowledge about how offices work, refuse to listen to tenants and rarely return to learn from their mistakes or offer advice.

Researchers suggest that tenants may hold grudges

This final criticism most shocked researchers at Vail Williams, who are themselves deeply involved as agents for business parks. "To an economist it would be inconceivable to find that virtually no effort has been made to obtain any meaningful feedback from the users of an extremely high-value, relatively specialised commodity," says their report.

The balance of plaudits and brickbats is a fascinating reflection on the way business parks are promoted. Tenants were most happy with the appearance of buildings and the landscaping, a major selling point by developers who are concentrating on promoting a glossy and green image to attract people from congested town centres. But major complaints among office users were that the services within these buildings failed to live up to the surface attraction.

Sheer lack of common sense in asking at the design stage what sort of individual environment controls were required left many dissatisfied with air-conditioning systems. The equipment is often not commissioned thoroughly, or corners are cut on behind-the-scenes services in favour of glossy attractions such as marble entrance halls. Fundamental design faults like inaccessible heating pipes buried in concrete, and failure to provide facilities for window-cleaning and rubbish collection are common.

A smooth image can also be a problem. A high proportion of businesses take plush headquarters buildings boasting unique decor such as "one-off" carpet and ceiling tiles. That made for lasting problems in trying to find replacement tiles, an irritation which can swell into lasting annoyance.

This does not bode well for future development. Vast amounts of business park space are due to come out of the ground over the next few years, so buildings will be harder to sell.

The Vail Williams researchers suggest that tenants who have learned a bitter lesson from some developers may hold grudges, and turn elsewhere for new buildings. No-one will be able to rely merely on image promotion to shift their product, and rent reviews could prove threatening as companies produce lists of complaints in years to come.

Vail Williams suggests a more rigorous checking of design details and adoption of universal measuring to pacify future tenants. Larger buildings should also be left at the shell-and-core stage to allow tenants to fit out as they required.

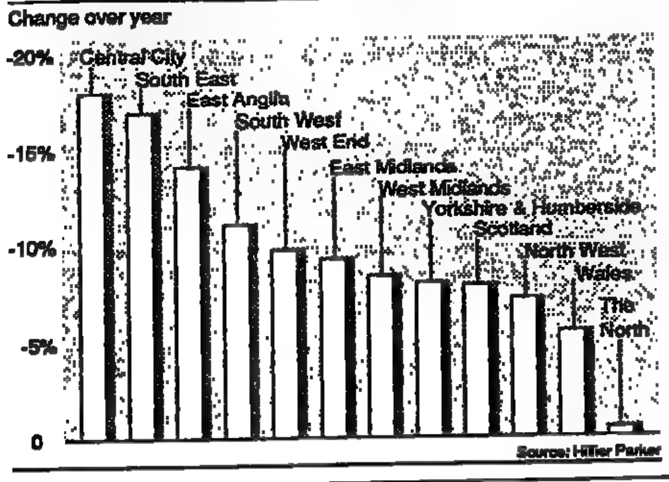
The problem here, however, is that while 50 per cent of occupiers want to do their own fitting, developers know from experience that it can be impossible to let premises unless they are completed, because tenants are put off by the sight of bare concrete.

The best chance of improving the product is to learn from past mistakes. As Nick Wakely, head of Vail Williams research says: "Without a feedback loop from customer to supplier, errors and oversights will simply recur from one generation of buildings to another."

That means going back to buildings after they are let and asking occupiers about their complaints. Otherwise they will continue to tolerate shoe-leather, but store up complaints and refuse to eat at the same table again.

Average yields

Change over year



Source: Hillier Parker

A long-term responsibility

And now for the 'green' requirements

OFFICE designers spent much of the last decade learning how to handle high technology. New buildings were successfully crammed with a proliferation of electronic equipment and modern materials.

Now they must deal with the consequences.

The modern office complex can consume as much energy and produce as much pollution as a small town. In the 1990s it may be judged as much on its impact on health and the environment as on its business efficiency.

The "greening" of offices is already under way. Frequent outbreaks of "sick building" syndrome and Legionnaire's Disease led to reappraisal of systems such as air-conditioning. This has been overlaid with a wider concern about how buildings can harm the ozone layer and help deplete tropical forests. At first this seemed like a fringe activity by a few eco-enthusiasts, but mainstream architects and developers are now directly involved. The Royal Institute of British Architects is producing a "green guide" to good practice for its members. Rosehaugh Stanhope, Greycoat and Olympia & York are sponsoring an experiment to produce a system of green labelling for schemes according to how successfully they eschew CFCs, hardwoods and toxic materials. Some have already banned these materials from their own buildings.

A sign that investors are taking the problem seriously comes from Legal & General, which has backed green policies. Michael Bowser, L & G Property's consultant engineering manager, says the group has uprated its standards. He suggests increased use of high-frequency fluorescent lighting, increased use of outside air in ventilation, and higher insulation standards.

The motivation is not entirely altruistic. "It makes sound commercial sense," he says. Capital and running costs are reduced and tenants are made happier.

However, there is only so far you can go in ameliorating the impact of office buildings. The whole planning system would need changing to remove the central problem of town-centre offices, says Julian Ryder Richardson, of architects GMW.

High land values in town centres demand high-density developments. Deep-space buildings use less natural light and require air-conditioning. Only by reducing site densities can this fundamental problem be attacked.

This would need to be imposed from above, as developers will not voluntarily sacrifice millions of pounds of income by building less densely.

Paradoxically, the most efficient location for office buildings may be in town centres. Land values and densities are lower on out-of-town business parks, but staff usually travel there by car. Clustered town-centre buildings require less energy and are served by more energy-efficient public transport. So the solution to environmental problems may involve drastic measures by planners to reduce town-centre site ratios and ensure that business parks are linked to public transport.

Both these measures fly in the face of current practice, but the change would be only slightly more revolutionary than those made by developers and architects in the past few years.

David Lawson

Heard the one about the three buyers? asks David Lawson

Property values falling like a stone

THREE INVESTORS were at an auction: an anonymous Asian, a Japanese banker and a British professional buyer. The foreigners were very excited. One bid a record price for an investment he particularly wanted for his collection. The other paid a little less for something which would perfectly suit his palate. The Briton stayed silent, just as he had at sales for the last six months. But he would be back next week as part of his patient wait for bargains.

So who was setting true market values? Optimistic pundits picked out the spectacular sales to foreigners, ignoring the fact that most locals left empty-handed. Realists put lines through their previous estimates and marked down prices yet again unless they had something they were sure would appeal to overseas tastes. In property realism mixes fluidly with flutterings of enthusiasm about a dedicated band of foreign buyers.

An unnamed Asian has just caused reverberations by agreeing a yield almost as low as 4 per cent for Legal & General's Lansdowne House in Berkely Square. A Japanese bank raised hopes when it reserved 100,000 sq ft of neighbouring space in Bishopsgate. But the impact of such deals in the rarified heights of central London has a negligible effect on the mass of buildings waiting patiently for buyers.

Property values are falling like a stone, dragged down by the interelated factors of poor growth prospects, high interest rates and the spectre of over-supply. Total returns on offices grew by a mere 12.4 per cent in the 12 months to the end of April and have fallen by half a per cent in the last three months, according to Investment Property Databank. This is a fierce decline from the late-80s when growth soared to almost 32 per cent a year.

Total returns on offices grew by a mere 12.4 per cent in the 12 months to the end of April — a fierce decline from the late-80s boom

Average yields have softened almost continuously, rising by 0.6 per cent during the last three months and a full 1 per cent over the year. They now average 7.9 per cent, says Hillier Parker's latest bulletin; the highest level since 1975.

Biggest increases have been in the south, with central London now registering 6.6 per cent and the City feeling the pain of capital values that have fallen by between 15 and 20 per cent in 12 months. But the problem is spread across the country, with yields hardening by anything between half a per cent in Scotland and Wales to 1.2 per cent in East Anglia.

The downturn has more to do with lack of investors than falls in underlying demand from office-users. As Savills points out: "Developers in the regions are in the strange position of receiving tenant interest in new schemes while seeing the value of completed projects slip away as yields are marked down by valuers and bankers alike."

Hard-pressed developers are struggling to impress UK institutional investors who have lost the taste for property investment. High interest rates have intensified pressure to cut asking prices, so values are falling even where rents are stable.

Areas like the City, with falling rents, are storing up potential for even more erosion. Analysts who have little else to do in a moribund stock market have time to flood the market with research into this collapse in confidence. Some have found plenty of silver linings breaking the gloom.

Overseas buyers have proved a rich source of speculation, partly because they are pretty much the only evidence of activity. Savills notes that after pouring £3bn into central London offices last year — when UK funds spent a mere £80m — foreign investors provided 80 per cent of the £270m invested in the first three months of this year. This figure would look even more impressive if topped up with subsequent deals such as the £250m-plus spent on Lansdowne House.

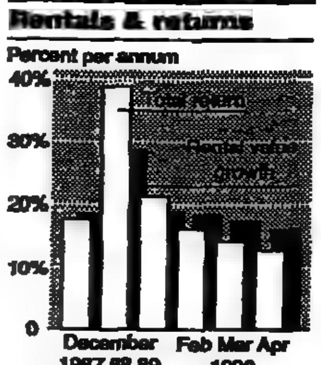
There is even a case for including the office element in deals such as the £550m paid by SPP for London & Edinburgh Trust.

Greg Nicholson of Hillier Parker obviously believes overseas buyers have their heads screwed on a lot tighter than UK institutions. "Perhaps it is their faith in the UK economy and property market that will make many look back with regret in 12 to 18 months," he says. This is part of the "buy now or lose the chance" philosophy that agents are using to shame UK funds back into the market. They also exude confidence that this inward flow from free-spenders like the Scandinavians will keep values out of the abyss, and perhaps spread out of London into regional property.

Sceptics, however, believe foreign influence may be weakening as buyers learn about the UK's resumed weaknesses. The property team at Kleinwort Benson point out that supply figures are soaring, prospects for rental growth are poor, and the economic climate is losing its attraction over other countries. Even the the approaching election may stimulate second thoughts for investors sucked in by their adulation for Thatcherism.

Rentals & returns

Percent per annum



Source: Investment Property Databank

But the sentiment of foreign buyers is not the real issue except for a few prime areas of central London. Far more important is the stance of UK institutions, the traditional backbone of property investment.

The fact that they have lost their individual backbones stems paradoxically from simultaneous close knowledge and crass ignorance of the property market. Wily old hands traded off their 1970s left-overs to newcomers when the market was booming, and are now waiting for prices to slide even further before stepping in to pick up bargains.

Some smaller funds infected with short-termism sold wildly in 1987 to tap the stock-market boom. They missed the hefty property returns of the following two years, caught a cold on their shares during the crash and now refuse to buy property again while rents are falling.

This sort of insight into the thought processes of fund managers, revealed in a report by Paribas Capital Markets and Gooch & Wagstaff, also provides the bare outline of a possible recovery in confidence. Most big operators seem to believe the recession will be short-lived and they will be back in the market for property soon.

How they define "soon" is crucial for yield levels and critical for the survival of some property trader/developers. Returns are now running close to rival investments, and it is more market sentiment than arithmetic that is keeping investors in their shells.

But a consensus has developed that even when the UK funds drift back, yields are unlikely to harden significantly before the middle of next year. Better overall performance must wait until the economy returns to an even keel and rents rise again, which could be well into 1992. In the meantime, values may slide even further.

Communications have changed work needs

A new kind of office location is born

OFFICES were born in the town centre and for most of their history have hardly left home. Some ventured into the suburbs, usually elbowed out there by lack of space and money, but they were usually a pallid and lonely crowd, rarely able to generate the same drive and vitality. It was almost as if buildings *needed* to be crammed together among milling cars and people before they could crackle and hum.

The old order is being challenged, however, by a new generation of buildings. They are allergic to clutter and have left towns altogether, aiming to generate economic energy by huddling together out in the countryside.

These "office parks" are the result of a revolution in communications which has changed the way offices work. Towns were a natural spawning ground because service industries needed central locations which provided good access for staff and customers. Much of the work also demanded physical meetings between professionals.

Today's congested town centres are no longer so accessible, while many workers rarely have to leave their computer consol or telephone. Staff are hard to find; buildings capable of handling the wiring and ventilation ducts that the electronic office demands are even harder to create in a crowded town at reasonable cost. So the office block has upped and moved closer to its workers.

This is no sudden break with tradition, however. Offices have gradually been taking over areas that would have been industrial estates a couple of decades ago. Successive waves of new buildings included more and more office space as production processes changed. The classic "high-tech" building of the '80s reached a 50:50 split for most electronics and other "clean" industries that combined administration, research and storage on one site.

Then a crucial change in the planning laws three years ago opened the floodgates to "pure" office development. The government dissolved most remaining restrictions on how buildings could be used, just at the time when many office tenants were searching for a way out of town centres. In less time than it takes to say Stockley-Park-near-Heathrow, a new kind of office location was born.

A crucial change in the planning laws three years ago opened the floodgates

Stockley, in fact, best illustrates the acceleration of these changes. It was feted as one of the first "true" business parks in the UK, but was designed for multiple-use light industrial and laboratory buildings. No more than a third was supposed to be office use, according to the planners.

Many of today's parks are being given over almost totally to offices, as these provide the highest rents. Even the more varied earlier schemes are being skewed to offices in the later phases.

This sort of enthusiasm is creating an absurd amount of potential space. More than 300m sq ft of office-quality buildings is planned on business parks, office parks and campuses, according to Applied Property Research (APR). At current take-up rates, that would provide enough space for the next 30 years.

The figures are almost academic, however, as a large amount of this space will probably never mature into pure offices. Many sites are not good enough to attract tenants accustomed to the high standards of facilities and access in town centres. It is hardly worth leaving a place because it is congested to set up somewhere even harder to find.

Only a few parks close to good roads will flourish. In fact, for the next year or so even some of the better locations may struggle. Something like two-thirds of the 10m sq ft due for completion on business parks alone this year is office space, says APR.

The movement out of town centres, however, will continue. Tenants such as financial groups once considered locked into central areas are now drifting on to greenfield sites, and rents have already reached unheard-of levels. At Arlington Business Park outside Reading, one building has been let at £27.50 a sq ft, which is higher than anything in the town centre, says James Donald of Strutt & Parker.

There is even a second wave of relocation activity among those who left London long ago for cities such as Manchester, Birmingham and Bristol. Clerical Medical, for instance, which decamped to Bristol in 1972, has bought a Portishead site for its back-office operations, says Mike Henry of Chesterton. NatWest Insurance Services is also taking 50,000 sq ft out at Aztec West.

These "sub-relocations" show that provincial cities are now facing the same problems to that drove companies out of London. Glasgow could see a similar trend once it can boast a few business parks.

New locations are not always on greenfield parks, however. Urban office "parks" have been evolving in London as a counterpoint to those outside towns, but tend to be lumped with town centres because they are so close. Broadgate, the 4m sq ft complex over Liverpool Street Station, is an office park. King's Cross, Paddington and Waterloo stations are also marked down for their own parks.

It is no coincidence that they centre on public transport interchanges, says Rupert Dodson of Healey & Baker. Access remains the key to office locations, and if road congestion cannot be tackled, public transport will be crucial.

He predicts that such urban office parks will complement, if not overtake, out-of-town schemes, not just in London but elsewhere across the UK.

An assessment of new office locations would not be complete without a mention of London's Docklands. Canary Wharf and its associates are set to produce more than 10m sq ft of offices during the 1990s, which is more of a city than a park. Critics insisted this was a supply-led drive towards development rather than reflection of the needs of tenants, yet space is now beginning to fill — albeit slowly.

The problem again boils down to access; once the roads and rail improvements are complete, this will be as easy to reach as any greenfield park, and there is no reason why it should not be just as much of a magnet. Its size alone should breed a vitality which will set it apart from insipid suburbia. The wheel will turn full circle as a "park" grows into a fully-fledged town centre.

David Lawson

The performance of the sector differs from city to city; the underlying supply and demand balance shifts from region to region.

City of London and Docklands

INDIGESTION is crippling the City of London. Hunger for space has not abated as much as might be expected when the economy is going through one of its regular bouts of illness, but the setback has piled more space on the City's plate than can comfortably be consumed.

Like stubborn children, tenants are having to be tempted to eat. Prime rents have fallen away from the heady days when £65 to £70 a sq ft was confidently predicted. Smaller spaces in the old City core may still bound into the sixties, but larger blocks are more likely to be valued at £45 to £55.

Lower rents are not enough, however. Bribes are commonplace in the form of rent-free periods and reverse premiums – particularly on the least palatable buildings.

But the cooker is starting to cool. Developers have postponed as much work as they can, so construction is slowing. Debenham Tewson & Chinnocks calculates that space started in the first half of this year has fallen to half the levels seen in early 1989. Newly available space also plunged by 75 per cent to to 570,000 sq ft in April. This was less than the take-up of just over 400,000 sq ft, however, and left almost 8m sq ft on the market.

More than 25 buildings larger than 150,000 sq ft are due to be completed in the next 18 months, so the immediate future looks gloomy for landlords – if not for tenants.

Over the longer term, the scales should begin to balance again. Richard Ellis insists that this is a two-year attack of over-indulgence rather than any deep-seated complaint.

In the meantime the discomfort could be acute. With 12m sq ft on the market by December, some 14 per cent of the City's offices could be standing empty. Top rents may hold steady, but the problem of letting second-hand offices could drag down average values by another 5 per cent this year.

DOCKLANDS: Prejudice still pervades this outpost of business civilisation. Pundits either believe fervently in its future as the financial capital of Europe or contemptuously dismiss any hope of success this century.

Most City agents still refuse to include Canary Wharf in their floorspace charts, yet it has attracted a clutch of financial tenants such as Merrill Lynch, Credit Suisse and Morgan Stanley.

West End specialists dismiss the Isle of Dogs in the same breath as Croydon and Milton Keynes but one local stalwart, Ogilvy & Mather, will cross over from the Strand after agreeing terms with Olympia & York.

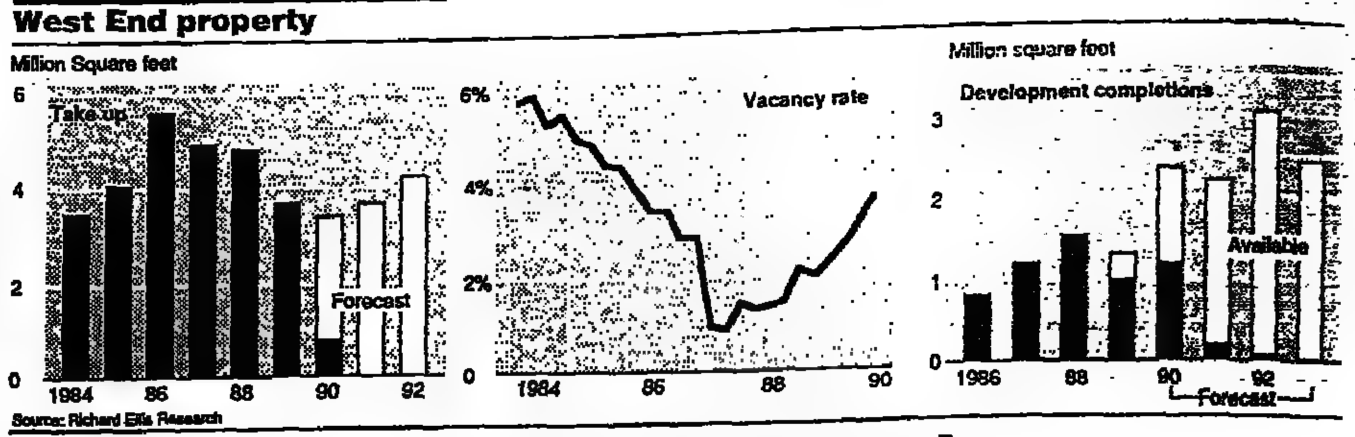
The docks area is now a part of the central London market, and becoming more so as tenant interest increases. Katie Kopec at Jones Lang Wootton points out that she has fielded 4m sq ft of inquiries for space going back into last year.

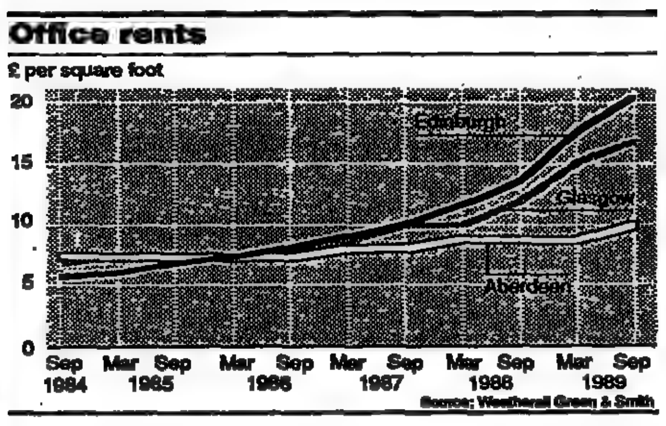
The interest comes not from space shortages in London's heartland but because of increasing pressure of costs. An occupier could save £1m a year on 50,000 sq ft compared with mid-town rents and rates.

"Cutting costs is now the trend, and Docklands is pulling through the derision it has received from the Establishment," says Simon Edge-Partington of Knight Frank & Rutley, who has guided Texaco and O & M into Canary Wharf, and the Export Credits Guarantee Department into Harbour Exchange.

However, Docklands will remain a wild card until it proves itself on the open market. Talk of rents in the £27 to £30 bracket have a hollow ring, while suspicions remain over incentives on Canary Wharf. At least one tenant is said to have a 15-year fixed rent.

The widely quoted £20 in other office blocks is heavily diluted by incentives. Since South Quay Plaza Three went bust, space is more likely to go for even lower figures, although the 10m sq ft Canary Wharf will be a law unto itself.





The West End

EVEN the least troubled sector of London is feeling strain as the economy turns down and demand weakens.

The traditional strength of the West End is that it cannot produce huge supply surges because of local planning restrictions, so it rarely gets too far out of kilter. A quieter market, however, has brought galloping rent increases to a halt and vacancy levels are likely to drift upwards again this year.

John Snow at Knight Frank & Rutley predicts it will be some time before anything beats the high mark of more than £70 a sq ft said to have been paid by STC in Cavendish Square and Suntory in St James's Street. In fact it could take until the end of the decade for a return to strong growth in values.

Richard Ellis expects take-up this year to run close to that of 1989 at between 3.2m and 3.5m sq ft, but has reduced its estimate for average rent increases to 5 per cent because of the lack of growth since December 1989. This is round about one third of the increase seen last year.

The West End's cushion is its relatively low rates of new supply. Even though vacancy rates will drift upwards, less than 4 per cent of space should be empty by December.

Much like the City, second-hand offices are boosting supply figures as tenants move to new buildings. This, however, offers few opportunities for larger businesses, because 60 per cent of space is in units smaller than 10,000 sq ft.

Even above this threshold a large slug does not offer an occupation date, suggesting that many companies are touting their space around while still looking for new homes.

Variations around the average are inevitable within such a wide market, however. Average rents have risen by 1.2 per cent in Victoria/Belgravia, for instance, while values have eased in lower quality buildings in Covent Garden/Strand, says Richard Ellis. Top rents have remained fairly steady at £55 and £57.500 a sq ft respectively.

Nothing much has happened in the Holborn/mid-town zone, where take-up in the first three months of 1990 hit the lowest point since 1984. Top rents are unlikely to move above £54 this year – but this may not reflect demand as much as a lack of decent space.

Where deals are done, tough tenants are taking advantage of worried developers by talking down prices, says Jim Harries of Fuller Peiser.

The area has an inbuilt reservoir of demand from major legal firms looking to expand. Some have already made their move, but at least 20, with a total requirement of nearly 2m sq ft, are hunting for space. That is twice as much as Richard Ellis estimates will be available by December.

Scotland: Glasgow and Edinburgh, traditional rivals

GLASGOW has stolen the limelight from Edinburgh, its more dignified sister-city and traditional rival, through a spectacular transformation from a mundane provincial capital into a thriving business centre.

The turnaround in Scotland's economy during the late-1980s has provided that boost.

Statistics show the enthusiasm for development to match the needs of a booming service sector. More than 1m sq ft of offices is due for completion within 12 months, according to Applied Property Research – close to 10 times the average annual figure in the early 1980s. More than a third is pre-let to tenants like IBM and British Airways, which may be a good thing now the economic slowdown is reaching north of the border.

All this space has held rental growth behind the less generous development scene in Edinburgh.

Matthew Edgar of Weatherall Green & Smith points out that a pre-letting by Sheraton Caltrust in Blythswood Square pushed rents above £17 a sq ft, but values for existing prime space remains in the £14 to £15 range. Whether levels rise to test the £20 psychological barrier to which most provincial centres now aspire will depend partly on the resilience of the financial tenants now expanding in Glasgow.

Problems of prosperity like traffic congestion and scarce parking may also cause a backlash. The city has no fringe business park to take tenant spin-off, although redevelopment of the former garden festival site may help fill this gap.

Mitsubishi Bank's £70m investment deal in Broomielaw shows how developers are pushing out of the centre to pick up new sites in anticipation of continuing demand, says Neville Brown of Fuller Peiser.

Edinburgh has produced almost a mirror image. While office supply has almost doubled in the last year, there is still less than 117,000 sq ft in the pipeline and no new open-plan offices immediately available, says James Galbraith of Cluttons. That compares with 700,000 sq ft in the early-1980s.

A booming financial sector has been tortured by these shortages, largely created by planning restrictions. "A city of conservative opinions on what constitutes an acceptable office location has been forced to become more open-minded," says John McCulloch of Knight Frank & Rutley.

This sellers' market has helped rents race ahead of Glasgow through the £20 barrier, and Galbraith estimates they will be close to £26 by the end of 1990. This appears optimistic considering the 2m sq ft of space planned for the city.

Brown suggests there may be a return to oversupply in the medium term, and points to the potential of fringe areas such as South Gyle, with its access to the airport. However, clouds hang over the future of much potential development because of the weaker economic climate. Some developments may not be seen this century.

David Lawson looks at the national picture to find out who is smiling, and who is changing their plans ●See chart p6

MANCHESTER

Cities of the north

THE North felt the benefit of a later surge in economic growth and development than the South-east, so developers are continuing to make plans for more space. Organic growth of service industries like financial institutions has been topped up by relocations and the impact of urban development corporations.

Leeds looks perilously close to plunging back into over-supply, with 2m sq ft of planning consents, but much of this is likely to be programmed for completion anything up to five years in the future, according to Robert Firth of Bernard Thorpe.

If developers control their urge to jump on the bandwagon, values should continue to rise.

The norm for new buildings is around £16 a sq ft. Close to 600,000 sq ft is being built, but half is pre-let, leaving an immediate shortfall over the annual take-up of 400,000 sq ft.

Firth believes this will push rents to the psychologically important £20 level by the end of the year. This is already being achieved for small suites.

Any further advance will hinge on funding judgements, which may be decided on national as much as local conditions. Mountleigh Northern is prudently looking for pre-lets while it plans the first phase of the 650,000 sq ft Citigate development on the Inner Ring Road, which may reassure cautious funders.

The Leeds Development Corporation will be closely watched to ensure it is not unleashing too much potential space.

Manchester seems to be running in parallel on rental values, with the same norms of £17 a sq ft but £20 expected by the end of 1990. Rents rose by 29 per cent last year, but cannot continue this breakneck pace as potential supply builds up Salford Quays Enterprise Zone and Trafford Park as well as the city centre, says John MacDonald of Knight Frank & Rutley.

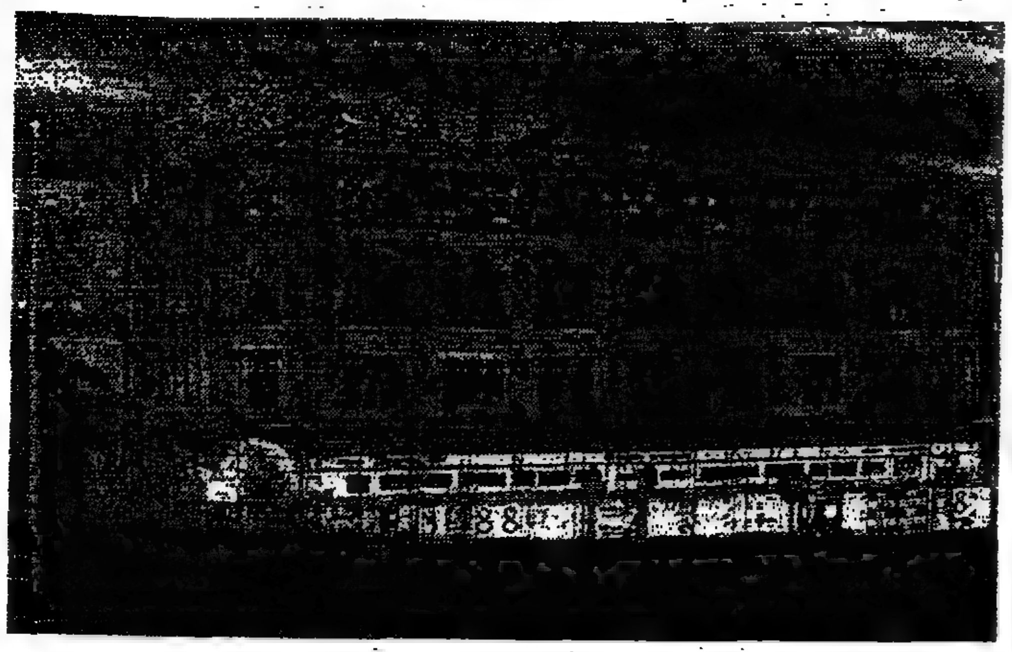
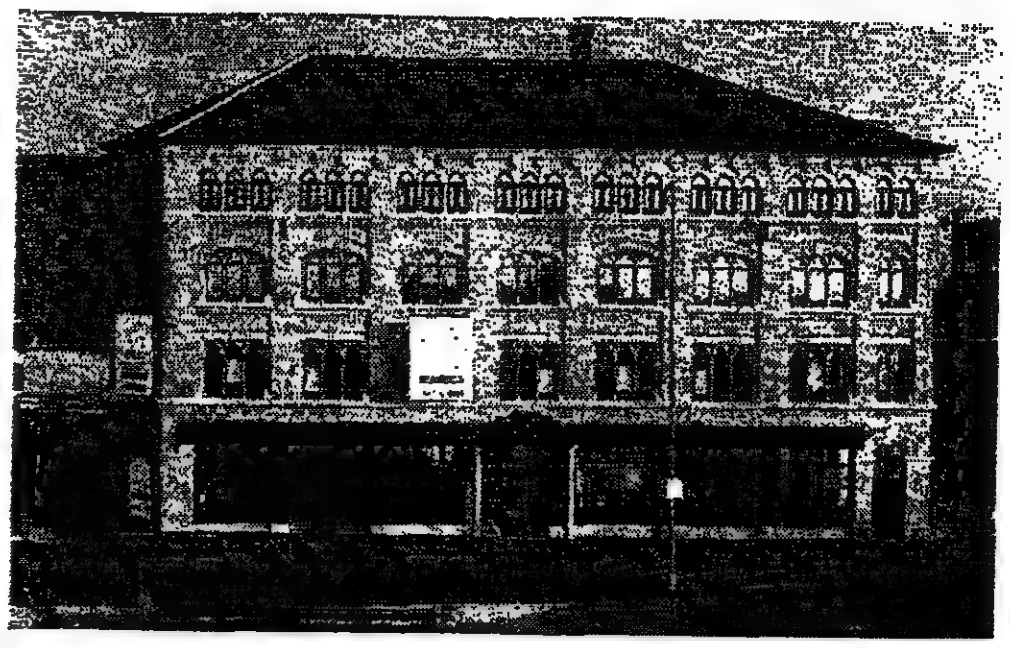
This record amount of space has had little effect so far on a core area stretched as tight as a drum by expansion of financial companies. Pre-lets have dominated over the last two years, and Graeme Wood of Chestertons expects this to continue in the prime core.

New office locations are emerging south and west of the city centre, but speculative schemes are being slowed in fringe locations because of high interest rates.

While 1m sq ft has been approved in the development corporation area, Mr Wood is sceptical about possibilities for letting and funding. He sees most demand coming from the large accountancy groups, which have taken high-quality buildings in cities like Bristol and Birmingham but are in the queue for lumps of up to 80,000 sq ft a time in Manchester.

Meanwhile, legal practices are hunting for buildings less than half this size. With the city core unlikely to provide larger requirements, these tenants could be contenders for buildings further out.

Salford Quays might boost the area's disappointing record of attracting relocators from the South-east. Rents in the enterprise zone should remain around 15 per cent lower than the core for the forseeable future, however, because of the disparity between supply and take-up.

Albion Wharf in Manchester in its original derelict state, left, and before its redevelopment was completed by the London-based Inner City Enterprises in February/March of this year

Pictures: Paul Tomlin

BIRMINGHAM

The Midlands story

RELOCATION interest in Birmingham has helped push rents over £20 a sq ft, marking a doubling of values since 1988.

TSB is the latest newcomer, taking 150,000 sq ft in John Laing's Victoria Square scheme, although the bank has caused some pain by switching its interest from Speyhawk's massive central development scheme. The change of mind could be a positive in that TSB can move quicker this way.

As central London costs and congestion have risen, the short hop to Birmingham has become more attractive. Ian Stringer of Grimley J R Eve believes this interest will help pre-let as much as 80 per cent of the 1.25m sq ft under construction in the city centre.

This could help push tenants out to developments like Waterlinks, a joint scheme by private and public sectors to transform 330 acres of inner city alongside Birmingham's canal network with shops, leisure and business units.

Even further out is The Waterfront, a 350,000 sq ft office centre next to Merry Hill, Europe's largest shopping complex and the first major office centre developed in the Black Country for more than a decade. Almost a third is already reserved. Rents of £12 a sq ft, and £14 at Waterlinks, might prove a stronger magnet than the city centre, particularly if core area rents drift close to the £25 expected.

Bristol and the M4 corridor

THE M4 ripples like a whip as development cycles move outwards from London to twin tails in Bristol and South Wales. At its head, the curve is now inclining downwards after a couple of years of high take-up and booming rents. In the west, Bristol is still on the way up in that swift snap with which the city traditionally moves from slump to boom.

Unfortunately, it generally moves back again just as quickly.

Mr Guy Duckworth at Healey & Baker says the Thames Valley market is moving back to a long-term norm after recording some breathless increases in values.

In the last six months, for instance, Speyhawk registered the top rent outside London with a pre-let of 38,000 sq ft in Windsor at £35 a sq ft, while Stanhope reached £30 on 70,000 sq ft in Staines and Crownco has an offer at £37.50 for 56,000 sq ft in Slough.

Increases partly reflect the ripple working out from London's West End, where values have shot to twice the Thames Valley record. However, relocation demand lessens west of the M25, where indigenous expansion has provided the engine for growth.

Major buildings are in short supply, although out-of-town business parks are springing up like mushrooms. While £25 a sq ft has yet to be achieved in a town centre west of the M25, Arlington Business Park has achieved £27.50.

Bristol is back to its old trick of filling the early-morning trains from Paddington with prospective tenants. Arrivals have been fairly sparse since the influx of insurance companies and accountants in the 1970s and early 1980s, with notable exceptions like Lloyds Bank.

However, the newcomers fleeing cost increases in the south-east will be competing against expansion plans by earlier arrivals, says Michael Finucane of J P Sturge.

Speyhawk may have netted another letting to help restore its stock market standing, with a record rent from an insurance company of more than £20 a sq ft on its 54,000 sq ft Royal Hotel development.

Rents have bounced by as much as 25 per cent in a year as newcomers and old hands scramble for space. Price Waterhouse, for instance, seems to have made a good deal by agreeing £18.75 a sq ft for 55,000 sq ft in a local move to Great George Street. Terms were right six months ago but the deal has only just been completed on the unfinished buildings.

This sort of movement in values has put a brake on pre-lets, as developers hold back to ensure better returns. Potential supply has therefore swollen to 500,000 sq ft, although it is still short of the average annual take-up of 900,000 sq ft over the last three years.

Finucane says there is easily enough pent-up demand to fill all new buildings without the bother of splitting them down to letting by floors.

Outside the city centre, Arlington has set a new standard by letting 66,000 sq ft on Aztec West to Microtel at £17.50 a sq ft, although it has been suggested there may be some internal accounting benefits involved as both are part of British Aerospace.

Rents are no respecters of image, writes David Lawson in this look at the unpredictable international market

IN THE *corner of every office from* Taipei to Toronto sits the ultimate barometer of the world's complex property markets.

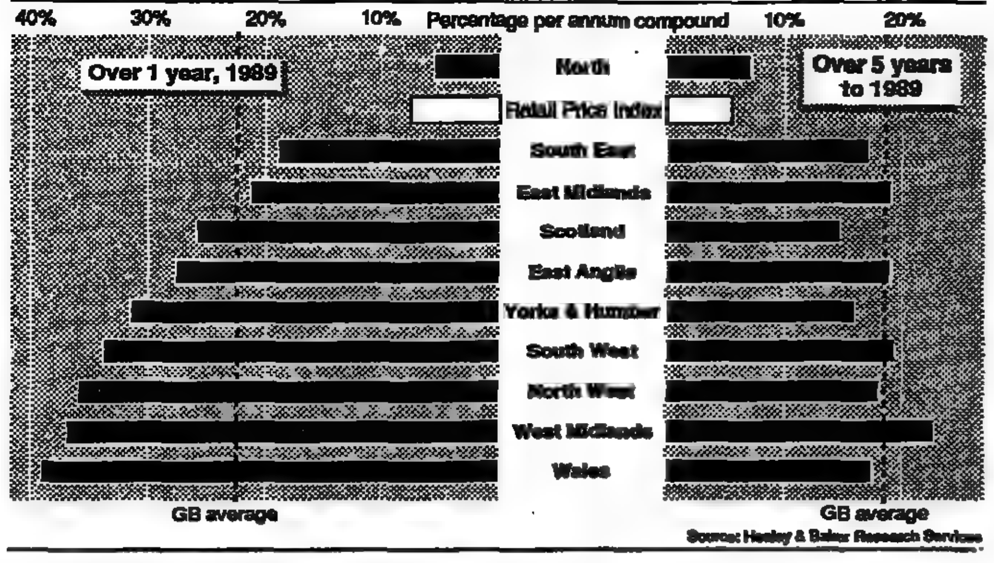
The humble waste-paper basket consumes acres of discarded newsprint splashed with the hype and horror of political revolution and economic disaster.

Yet a simple price tag scrawled on the side of a waste-paper basket would provide the clearest picture of reality.

Among the futuristic glass towers of Denver, for instance, once a 20th century boom-town, *the single* square foot beneath a waste basket costs its owner £8 a year. That is half the price in Newcastle, capital of the UK's hard-pressed North-east region, and a quarter of the price in Madrid – and these are two cities with hardly a skyscraper between them.

Rents are no respecters of image. They reflect year-to-year changes in market conditions, but also the underlying long-term differences in supply and demand between different continents.

Prime office rents:compound growth



Source: Healey & Baker Research Services

NORTH AMERICA

DENVER is an extreme example of changing fortunes in the US. Like Dallas and Houston (and Calgary in Canada), it reflects the collapse of the energy market which had created a 20th century Klondyke.

The whole North American office market, in fact, belies the image of the wealthiest nation on earth, as cities wallow in empty buildings created in a speculative, tax-driven boom during the early-1980s.

Average rents have risen by a mere 10 per cent over the last five years – one tenth the uplift in Europe, says property consultant Hillier Parker. New York, once top of the world's *financial capitals, saw nil* growth in values last year.

Rents may even fall as another 17m sq ft of space comes on stream over the next couple of years while office employment is declining.

Tenants have the whip hand in more than 80 per cent of North American cities, according to Stewart Forbes, president of Colliers International. He rates Washington DC and Toronto as the most expensive office locations, with occupancy costs (including rents and other charges) of £30 a sq ft, while New York comes in a couple of pounds cheaper.

Even this is well below many European centres and around a quarter of Tokyo's values.

Asking rents do not show the depth of some problems. In only half a dozen centres are owners confident that they can gain full value from those prices.

"American landlords must offer tenants periods of free rent and special allowances for *finishing space*, which can reduce the quoted rent on a five-year lease by more than 30 per cent," says Mr Forbes.

Landlords must allow for concessions which can reduce the quoted rent by 30%

The future is looking slightly more attractive because new construction has been slowed by tighter credit, and demands from lenders that developers must put more of their own resources into projects.

Hillier Parker estimates that starts on large office buildings dropped by 10m sq ft to 150m sq ft last year, and much of this was concentrated in the relatively buoyant Washington DC and West Coast areas.

However that still leaves a backlog of space to absorb at a time of lower take-up rates. Oases of strength are cities such as San Francisco, with *occupancy* costs at £17 a sq ft, and Seattle (£14), where planning laws have restricted development at levels below historic take-up rates.

Surprisingly, the oil capitals are also more favourable for landlords because of better economic conditions and rising demand. Dallas and Calgary (both £13) are seeing market corrections, says Mr Forbes, although not before some buildings have been sold at a fraction of their replacement cost.

Hillier Parker also reveals some confidence, pointing out that the West Coast markets are generally strong and the South-eastern states from Virginia through Florida are performing well.

A resurgence of manufacturing has helped revive Chicago and other Mid-west centres. But with oversupply still bedevilling so many markets, investors are rightly cautious about the coming few years.

ASIA AND AUSTRALASIA

THE Pacific Rim – Pacrim – is a term coined to cover the emergence of a collection of booming cities stretching from the North American West Coast through the Australian sub-continent and Japan to South-east Asia.

Pacrim dominated the 1980s as rents boomed, particularly along the eastern crescent. Hillier Parker estimates that values in Far East capitals rose by almost 120 per cent in five years, with Sydney almost matching this at 115 per cent.

The new growth surge in Europe has shifted attention away from these newer markets. In fact, much of the money fuelling Old World expansion is coming from Japan, which looks more favourably nowadays on *Europe for investment than* the US.

Values continue to rise, however, in centres like Tokyo – easily the most expensive location in the world, according to the Colliers index, with occupation costs of £118 a sq ft.

Hong Kong also seems immune from general fears over merging with mainland China in 1997. Hillier Parker says rents there more than doubled during the course of last year.

It is estimated that Far East values rose by almost 120% in five years

Japan seems set to continue its rise, in spite of current fears over the Yen and stock market weaknesses. Space is at such a premium, and is so rarely traded in central Tokyo, that values are likely to maintain a lead over the rest of the world.

The fundamentals in other Asian capitals also lean towards rising rents because of space shortages, high land prices and taxes structured against property sales, says Stewart Forbes of Colliers.

Hong Kong, at £63 a sq ft, is already exceeded only by London and Tokyo in costs of occupation, while Singapore (£29) is ahead of New York.

Further down the scale, Taipei (£26), Jakarta (£17), Bangkok (£13) and Kuala Lumpur (£10) have much further to go but are already matching in terms of prices some cities in Australia such as Brisbane and Adelaide, where the faltering economy has brought growth screeching to a halt. Mr Forbes points out that Australian letting concessions are now similar to the 30 per cent discounts common in the US.

With new space pouring on to the market in Sydney (£27) and Melbourne (£24), any return to consistent growth will depend on the government's ability to avoid a deepening recession.

EUROPE

LITTLE of American caution is apparent on the other side of the Atlantic. A coincidence of political revolution and economic evolution is rejuvenating Europe's office centres.

For decades, wealth spun out to the expanding new worlds of North America and the Pacific Rim. Now the Old World is being remade, and claiming back some of its traditional authority. Tokyo may continue *to boast the most expensive* office space and the US some of the most sophisticated markets, but Paris, Frankfurt, London and even Berlin are monopolising attention as they respond to new economic and political freedoms.

The sudden collapse of East-West barriers produced a riot of speculation about potential new development. Berlin, for instance, has reverted to pre-war status in the eyes of some investors. Yet the main influence on immediate change is a less spontaneous boundary dissolution within the European Community from 1992. Both, however, are part of a fundamental shift in global capital markets.

European office development *was held back for decades* by zoning restrictions, high taxes and tough controls on credit and ownership. Long-term rental growth easily out-performed North American cities more likely to sweep into cycles of over-supply. "All this is changing as competition for capital has become more global, and the move to break down national economic barriers accelerates with the approach of 1992," says Stewart Forbes, of Colliers International. Relaxation of lending criteria and other development barriers since the mid-1980s created development booms in cities such as Paris, Milan, London and Frankfurt.

This has led to some US-style gluts such as in London, but trans-Atlantic *contrasts* remain more obvious than similarities. Even in a weak market, UK associates Colliers Stewart Newiss found that concessions to reluctant tenants amounted to a maximum of 5 per cent of rents compared with the norm of 30 per cent in North America.

Divergence in occupation costs, which refer to rent and other charges on 10,000 sq ft of prime city centre space, also illustrate the gulf in property values between North America and other more regulated markets. Washington DC and Toronto (both £30 a sq ft) rank only ninth and tenth in Colliers' world league of office centres, trailing relatively new markets like Milan and Madrid (both £32).

Even a provincial UK city like Edinburgh rates the same level as Mid-town New York (£28), while Birmingham just outscores Chicago's £24 a sq ft. Denver, at the bottom of the list, is outscored even by a secondary centre such as Nice (£9).

Overall rents in the main European centres rose by almost a quarter last year but this average hides wide variations. At one end of the scale *Dublin and Lisbon registered* 50 per cent increases, while at the other, Copenhagen's over-supply dragged values down.

London has also suffered from over-indulgence, shown up by some of the highest investment yields in Europe. But it still boasts rents and capital values well ahead of any European rival. Colliers' index of occupancy costs rates the City of London (£94) and West End (£91) almost three times higher than Paris, its closest European rival. But Jones Lang Wootton, working purely on rental values, points out that prime levels in the French capital rose 20 per cent last year while falling 16 per cent in the City.

Investment and take-up is generally booming across mainland Europe, and the interaction of harder yields and higher rents reveals even *more clearly the performance* lead over London. Capital values have risen by at least a third in Brussels, Frankfurt, and Paris, and by almost 40 per cent in Madrid, says JLW.

Translating rents into a common formula to overcome differences of measurement and currencies, it shows prime values for Paris of $658 per sq metre a year; *Madrid* $505 (20 per cent up on 1988); Brussels $204 (27 per cent higher); and Frankfurt $464 (24 per cent). On this scale, the City of London rates at $1,155 and the West End $1,200.

Realignment in anticipation of the unified market after 1992 has contributed to this buoyancy. Dissolution of East-West boundaries is too recent to have had a big impact. Berlin has been brought into the fold of potential growth centres, however, and JLW expects rents to boom by 30 per cent this year from the current $199 a sq metre.

However promise is more common than performance, while buildings are scarce and property laws in the eastern sector prevent private ownership. Opinion varies widely between the view that Berlin will re-establish its position as Germany's financial centre – and thereby become the dominant capital in Europe – and more restrained beliefs that other German cities have gained too strong a hold to be challenged.

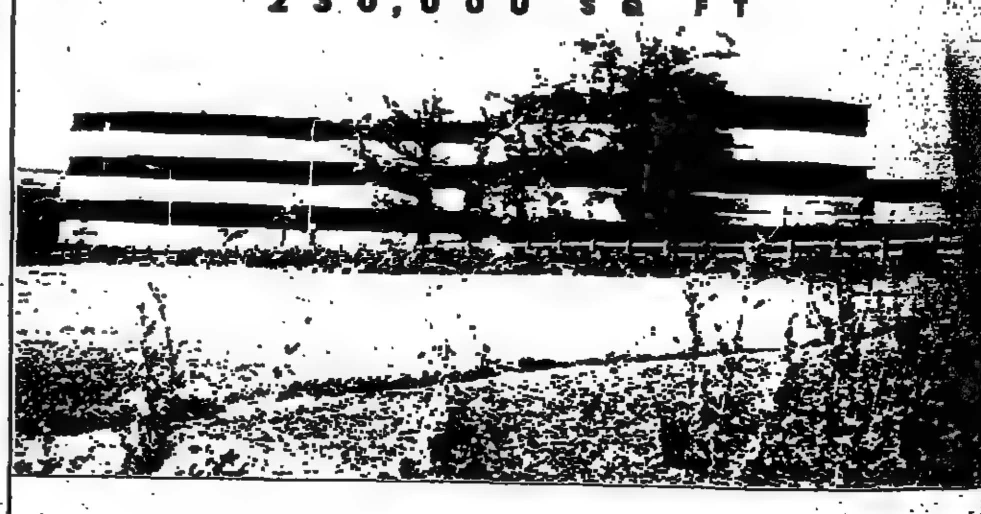
Frankfurt, already blossoming from the strength of the German economy, is feeling the benefit of political revolution. Its banks are gearing up to feed the move into East European markets, and with little space available in the town centre, JLW expects office property values to rival those in Paris by the end of this year.

Other European cities such as Brussels and Madrid face similar problems of space restriction in *historic* cores. They are looking at decentralised developments to ease the pressure, but this will take time to come through.

The Spanish capital is also a new market, which has yet to develop fully since its recent move into the EC. It therefore has greater scope for growth in a new Europe than some older centres.

Milan may rival both Berlin and Madrid for potential, according to James Hollington at Healey & Baker. It forms the southern tip of Europe's business "backbone" – running from London, through Frankfurt to Italy.

It also lies in the "sunbelt" zone along the Mediterranean, which is expected to merge as a major growth area for high-tech industry.



LONDON STOCK EXCHANGE

Sharp early advance fails to hold

A UK stock market already turning back yesterday after attempting to extend this week's advance was jolted late in the day by a sudden early fall on Wall Street. However, London rallied in the final minutes after sliding perilously close to the FT-SE 2,400 mark recaptured the previous day.

The early part of the session saw the equity market shrug off a dull opening by sterling and a fall on Wall Street overnight to move ahead strongly behind a premium of more than 30 points on the Footsie futures contract. But the market peaked early, before the latest news on UK unemployment in May set the stage for today's announcement of the UK Retail Price Index (RPI) for May.

Account Dealing Dates		
*First Dealings:		
May 29	Jun 11	Jun 25
Option Declarations:		
Jun 7	Jun 21	Jul 5
Last Dealings:		
Jun 8	Jun 22	Jul 6
Account Day:		
Jun 18	Jul 2	Jul 16

*New-time dealings may take place from 8.30 am two business days earlier.

The initial advance of 25 points was steadily whittled away from the FT-SE Index in brisk trading, which reflected activity by marketmakers rather than the institutions. A further blow came when Wall Street opened down and then began to slide as Digital Equipment, the large computer group, warned that market estimates of its profits were over-optimistic.

The index slid to within 1.9 of the 2,400 level before rallying with the help of a very firm UK bond market. The final reading showed the FT-SE Index at 2,403.0, a loss on the day of 2.4 points.

It was a busy day for dealers, with Seaq volume finally at 554.2m shares against 611.2m on Wednesday. Marketmakers had again run into a squeeze on trading positions and rushed to buy stock in the morning when the Footsie future was on the move.

The pressures on marketmakers were increased by their own unwillingness to carry open positions ahead of important economic data. Today's RPI number was widely expected to show a further, albeit small, rise in underlying inflation in the UK. The prospects for the US monthly trade figures for April, also due today, heightened London's nervousness over the near-term outlook for Wall Street. These two factors combined to upset the London market in late afternoon.

There were also signs in some sectors that investors were taking a harder look at some recent share performances. Racal Telecom and Racal Electronics were hit by downgradings from brokerage houses following this week's trading figures. Store shares looked less confident despite the guarded recommendation from a UK securities house.

However, traders sounded fairly confident once the market had steadied above 2,400. Fund managers were clearly not sellers of stock yesterday; the end of the second quarter, which has proved profitable for those funds fully weighted in the UK, is close at hand and most managers were inclined to hold on to gains until the quarterly valuation meetings.

FINANCIAL TIMES STOCK INDICES

	June 14	June 13	June 12	June 11	June 8	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	79.95	79.03	78.80	78.45	78.76	84.02	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.20	87.87	87.61	87.33	87.55	95.48	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1928.6	1933.2	1901.0	1877.9	1892.7	1758.9	1969.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	169.2	179.9	194.5	187.5	185.1	183.7	378.5 ([illegible])	168.2 (14/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2403.0	2405.4	2370.7	2348.5	2366.6	2129.6	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.78	4.78	4.85	4.91	4.89	4.89				
Earning Yld %(full)	10.55	10.54	10.71	10.82	10.82	11.11				
P/E Ratio(Net)(☆)	11.48	11.50	11.32	11.19	11.06	10.89				
SEAQ Bargns 4.45pm	33,829	30,058	25,394	24,528	31,097	25,898				
Equity Turnover(£m)†	-	1214.52	801.90	718.83	1020.25	1573.79				
Equity Bargains†	-	30,481	24,741	25,867	32,379	31,794				
Shares Traded (ml)†	-	510.5	360.0	299.0	459.1	556.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.35

Ordinary Share Index, Hourly changes. Day's High 1954.2. Day's Low 1928.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
[illegible]	1945.8	1950.3	1949.9	1946.9	1943.2	1939.0	1935.5	1935.3

FT-SE, Hourly changes. Day's High 2430.5. Day's Low 2401.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2404.9	2419.5	2425.6	2424.9	2422.4	2417.8	2413.7	2409.6	2409.8

GILT EDGED ACTIVITY

Indices*	June 13	June 12
Gilt Edged Bargains	94.2	91.1
5 – Day average	87.2	86.4

*SE Activity 1974 †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001

Tesco hit by bond issue

TESCO, one of the UK's biggest food supermarket groups, weakened 5 to 222p as turnover swelled to 8.1m shares after the company tapped the Eurobond market with a £200m convertible 15-year bond issue.

Analysts said investors had switched out of the ordinary shares and into the bond, thereby depressing the shares. One dealer said "quite big switching" had taken place.

Mr Bill Currie of Hoare Govett said the issue was in effect a disguised rights issue because total conversion would involve 78.2m new shares being issued, or a 5 per cent increase in share capital.

Other analysts said, however, that it was not certain whether bondholders would convert into ordinary shares, as that would depend upon the movement of Tesco's shares over the life of the bond.

Mr Bill Myers of Henderson Crosthwaite said he welcomed the bond issue as it allowed Tesco to replace costly short-term debt with cheaper long-term debt.

Brewers confused

Brewery leaders fell quickly after early strength, as the market caught wind of a statement from the European Commission on beer competition. By the time analysts had discovered that the Commission had, in the words of one, come to no great conclusions, the rest of the market had turned off and buyers were absent.

The sharpest turnaround came from Guinness. The shares touched a new high of 806p before running rapidly back to 787p. The closing price was only a penny above the day's low for a net fall of 14.

Scottish & Newcastle was additionally hit by suggestions that the company might try to buy the 35 per cent of leisure operator Center Parcs that it does not already own. The shares were down 3 from the previous night's close and 7 from the day's high to finish at 334p.

Only Bass bucked the trend with an improvement of 8 to 1093p. The company said it had identified 600 pubs which it would sell over the next two years.

There was no stopping Reuters, whose advance of 29 to 1250p took it to its third all-time high in as many days. Press comment on a joint venture with the American Stock Exchange was said by one trader to have helped the rise.

Saatchi & Saatchi fell sharply for the second day running, ending 9 weaker at 89p. Traders said that one UK seller of a long line of the stock was still looking for a buyer. Analysts said the company was trying to secure a bank guarantee for £40m by the beginning of next week.

WPP recovered after several day's weakness which had reflected cautious comment from BZW and UBS Phillips & Drew. The shares rose 9 to 582p.

Advertising agency VPI fell 2¼ to 17½p after publishing interim figures. The company recorded a loss of £1.9m, compared with a profit of £5.1m last time, and is not paying a dividend.

Bowater continued to go from strength to strength in the wake of its well received recent announcement of a rights issue. The shares ended 7 to the good at 554p, while the nil-paid closed just off the day's high at 124p for a rise of 6. "The nil-paid have gone from 90p to 130p in 2 days, it is unbelievable," said one trader.

Polly Peck, the fresh fruit and electronics group, fell 18 to 419p after an analyst said it was unlikely that it would float its Del Monte division on the New York stock market. The market had thought a flotation was likely, particularly since the board fulfilled expectations earlier in the year by restructuring its electronics division. But Mr William de Winton of Hoare Govett said he had spoken to Polly Peck and believed a listing in the US was "very unlikely to happen." Polly Peck said no decision had been made on a flotation. Other analysts said they believed Polly Peck would seek a listing but had not yet decided on timing.

Flexello Castors & Wheels plummeted 40 to 96p following an interim loss of £377,895, against a profit of £507,987 at the same time last year.

VSEL, the submarine and surface warship group, forged ahead 37 to 386p following an 80 per cent jump in profits to £30.6m, compared with market estimates of between £24m and £27.5m.

Mr Pete Deighton of County NatWest said VSEL had recovered quickly from last year's strike. Mr Deighton said he had raised his profits estimate for this year to £38.5m from £35m previously. The reason for higher profitability was the increased rate of submarine building, he added.

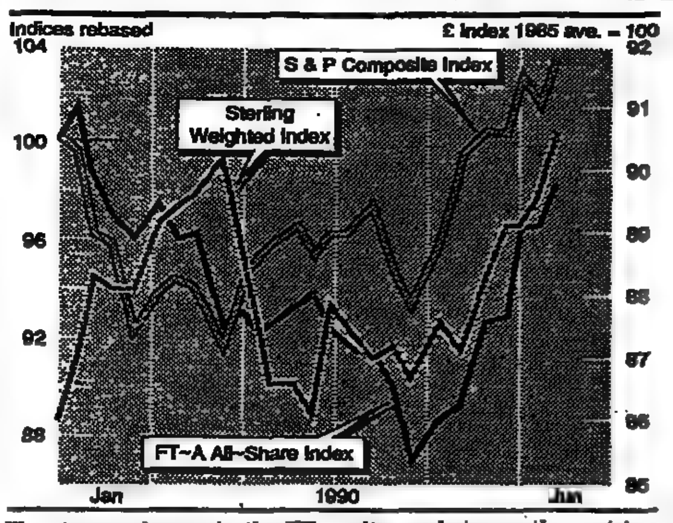
Vosper Thornycroft, a warship manufacturer, which reported better-than-expected results earlier in the week, rose 10 to 259p, bolstered by VSEL's results. British Aerospace closed below the day's high of 586p on profit-taking at 573p, up only 3 on balance.

The Racal twins fell early in the day against the then direction of the market. Analysts had cut their forecasts in response to the previous day's results. BZW, for example, now predicts a profit of £293m for the current year rather than £310m for Electronics, and £345m rather than £385m for Telecom. The shares fell 12 to 200p and 24 to 346p respectively.

Leather rivals Strong & Fisher and Pittard Garner moved in opposite directions as stories that the former might bid for the latter swept the market. Strong has 27.4 per cent of Pittard and made a £41m offer for the company in the autumn of 1988. That bid was referred to the Monopolies and Mergers Commission, whose ruling then prevented an unconditional new bid until April 1990. Pittard rose 5 to 124p and Strong fell 5 to 31p.

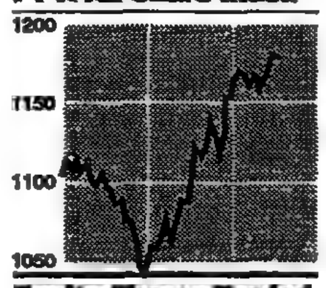
Traders said an attempt to sell 3m Aran Energy shares by a US-based arbitrageur was behind the stock's persistent weakness. After trading finished, Aran issued a statement saying that it might need to raise further equity. The shares recovered a penny from the day's low of 48½p, but still recorded a net decline of 4½. "The price now has all the news in it," said Mr Alan Sinclair of Smith New Court.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 37.



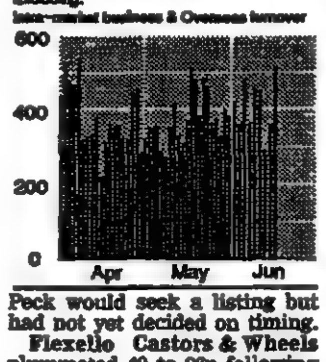
The strong advance in the UK equity market over the past two months has closely mirrored the progress of both the sterling trade-weighted index and also the Standard & Poor's Composite Index, indicating a sea change from earlier this year.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	2,100	185½	-½	Courtaulds	899	348	-3	MEPC	674	606	+4	Slough Ests	412	300	+1
[illegible] Group	3,100	118	-1½	Dalgety	745	378	+2	Manpower	320	87	-1	Smith (W.H.) A	914	363	-2
Abbey National	1,500	264	-1	Dixons	2,100	152	-2	Marks & Spencer	5,700	244	-2	[illegible]	6,000	117½	+½
Allied-Lyons	2,300	[illegible]	-6	ECC Group	234	[illegible]	-11	Maxwell Comms.	799	203	+7	SmKl Beecham	1,500	561	-6
Amstrad	1,500	65	-2	Enterprise Oil	1,100	661	+13	Mecca Leisure	497	[illegible]		SmKl Beecham Units	34	2540	-25
Anglian Water	3,400	163½	+5	FKI	1,700	71	-2	Midland Bank	2,600	300	-8	Smiths Inds.	1,600	288	-3
Argos	1,300	231	-3	Ferranti	6,700	41		NatWest Bank	4,200	349	-1	[illegible]	489	[illegible]	-1
Argyll Group	3,700	248	+3	Fisons	3,400	361		Next	3,500	67		Southern Water	451	141	-6
Ass. Brit. Foods	466	425		Gen. Accident	384	1133	-4	North West Water	1,500	182	-1½	Standard Chartd.	612	460	-2
BAA	394	418	-3	General Elect.	3,500	216	+1	Northern Foods	223	321		Storehouse	2,200	129	-1
BAT Inds.	2,400	657	+5	Glaxo	3,600	835	+15	Northumbrian Water	271	179	+1	Sun Alliance	1,700	339	+1
BET	3,800	261	-6	Globe Inv.	797	200	-1	Pearson	479	785	+8	Sun Life	8	1263	
BICC	300	436	-2	Glynwed Int.	397	270	+2	P & O	619	646	+6	T&N	319	191	+1
BOC	1,800	594	+4	Granada	831	261	-1	Pilkington	3,700	214	+3	TI Group	800	610	+1
BPB Inds.	731	294	-1	Grand Met.	3,500	667	-5	Polly Peck Intl.	6,500	419	-18	TSB	4,000	142½	-½
BTR	3,500	445	+3	GUS A	236	1103	-10	Prudential	2,800	225½	+1½	Tarmac	3,800	259	+4
Barclays	2,100	380	-6	GRE	360	246	+1	[illegible]	1,100	371	+6	Tate & Lyle	530	311	-4
Bass	1,000	1093	+8	[illegible]	2,000	400	-1	[illegible]	374	[illegible]	-1	Taylor Woodrow	187	278	+1
Beazer	653	176	+6	Guinness	2,300	788	-14	RTZ	2,000	[illegible]	-6	Tesco	8,100	222	-5
Beresford Int.	1,100	117	-3	Hammerson "A"	172	721		Racal	12,000	200	-12	Thames Water	2,300	158	-1
Blue Circle	658	245	-5	Hanson	7,400	240	+½	Racal Telecom	1,000	346	-24	THORN EMI	282	771	
Boots	3,600	302	+1	Hanson Warrants	476	63½		Rank Org.	489	[illegible]	+4	Trafalgar House	1,100	318	+5
Brit. Aerospace	3,100	573	+2	Harrisons Crosfield	1,300	171	+1	Reckitt & Colman	882	1318	+9	[illegible]	2,800	307	+2
British Airways	2,500	215	+1	Hawker Sidd.	112	[illegible]	+1	Redland	1,200	613	+5	Ultramar	520	346	+1
British Gas	5,600	220½	-½	Hillsdown	1,800	272	+4	Reed Int.	2,000	458	+7	Unigate	375	300	-1
British Land	1,000	317	-1	IMI	382	249	-6	Reuters	612	1250	+29	Unilever	3,400	[illegible]	+6
BP	7,300	326	+½	ICI	1,100	1250	-1	Rolls Royce	7,000	236	-1	United Biscuits	1,400	383	-1
British Steel	6,500	148		Inchcape	247	[illegible]		Rothmans	189	749	+14	Utd. Newspapers	1,300	344	+1
British Telecom	14,000	296		Kingfisher	2,900	364	-5	Ryl Bk Scotland	1,500	179	-1	Waste Package Us.	5	[illegible]	-3
Bunzl	1,000	97		Ladbroke	2,400	334	+2	Royal Insurance	809	486	+2	Wellcome	1,300	670	+4
Burmah Oil	578	[illegible]	+10	Land Securities	2,000	609	+4	STC	2,100	277	-4	Welsh Water	1,600	173	
Burton	14,000	177	+3	Laporte	373	589	+10	Saatchi	933	89	-9	Wessex Water	777	169	+3
Cable & Wire.	4,800	[illegible]	-13	Legal & General	729	420	-2	Sainsbury	2,000	[illegible]	-2	Whitbread 'A'	2,000	448	-9
Cadburys	1,100	352	-4	Lloyds Abbey	2,300	321	+9	Scottish & New.	2,300	334	-3	Williams Hldgs.	1,400	379	+4
Calor Group	1,100	275	-6	Lloyds Bank	2,000	269	-10	Sears	4,300	107	-1	Willis Faber	634	283	
Carlton Comms.	2,800	544	-3	LASMO	1,900	400	+5	Sedgwick	426	[illegible]	+1	Wimpey	464	241	-1
Coats Viyella	119	129		Lonrho	1,800	265	-2	[illegible] Trent Water	[illegible]	[illegible]	+4	Yorkshire Water	829	171	+1
Comm. Union	1,800	[illegible]	+6	Lucas	1,500	171	+1	Shell Transport	4,800	460	-½				
Cookson	1,000	[illegible]	-5	MB Group	1,000	327	-1	Siebe	96	516	+2				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (186).
BRITISH FUNDS (9) BANKS (1) BREWERS (3) BUILDINGS (10) CHEMICALS (6) STORES (10) ELECTRICALS (13) ENGINEERING (9) FOODS (4) INDUSTRIALS (24) ASD, BOC, Baird (Wm.), Barry Wehmiller, Bowater, Do 7.75pc Cnv. Pf., CRT, Cornwell Parker "A", Courtaulds, Diploma, Expamet Intl., Glaxo, Goode Durrant, Hanson, Do. Wrrts., Intercare, J.S. Pathology, MB, Do. 7.25pc Cnv. Pf., Mosaic Invs., Portmeirion Potteries, Reckitt & Colman, Reuters, Siebe, INSURANCE (3) LEISURE (1) NEWSPAPERS (2) PROPERTY (1) SHOES (1) TOBACCOS (1) TRANSPORT (3) TRUSTS (21) MINES (31).
NEW LOWS (74).
BRITISH FUNDS (3) AMERICANS (6) CANADIANS (2) BANKS (2) BUILDINGS (7) CHEMICALS (1) STORES (3) ELECTRICALS (4) ENGINEERING (1) INDUSTRIALS (9) Amberley, Apollo Watch Prods., Bogod A, Flemallo C. & W., Handley-Walker, ISS-Int. Serv. Sys. B, Norton, Radiant Metal, Reuters, LEISURE (3) MOTORS (1) PAPERS (3) PROPERTY (4) TRANSPORT (2) TRUSTS (7) OILS (9) MINES (17) THIRD MARKET (4).

APPOINTMENTS

Directors of NatWest

Sir Ian MacLaurin *(left)*, chairman of Tesco, and Mr Martin Taylor *(right)*, a vice chairman of Hanson, have been appointed directors of NATIONAL WESTMINSTER BANK. Sir Ian will join the main board on July 1, and Mr Taylor joins on October 1.

■ GUINNESS MAHON UNIT TRUST MANAGERS has appointed Mr Edward Edgecombe as UK broker sales manager. He was executive director, Vanguard Trust Managers.

■ THE CHASE MANHATTAN BANK has appointed Mr Mark Tristram to undertake risk management marketing and structuring in Tokyo. He was at Chase in London as head of interest rate risk management sales and distribution.

■ Mr Mark Fox-Andrews has joined SABRE FUND MANAGEMENT. He was branch manager of Drexel Burnham Lambert's London office.

■ Mrs Rosalyn Wilton *(pictured)* has been appointed senior vice president, transaction products, REUTERS Europe, Middle East and Africa. She will have responsibility in Europe for dealing systems for capital markets, interest rate products and derivatives.

Mrs Wilton was managing director of international financial futures and options (UK and Europe) with Drexel Burnham Lambert Group Inc. She was also managing director of international fixed income (Europe) for Drexel, and a director of the London International Financial Futures Exchange.

■ EXTEL FINANCIAL has appointed Mr Mark Hynes as director, North America, and Mrs Sharon Rowlands as director, company information.

■ Mr Malcolm Cooke has been appointed marketing director of RYMAN, a subsidiary of Pentos. He was marketing director of Circle K (UK).

■ Mr Clive Perry has been appointed managing director of SPADEL UK and its wholly-owned subsidiary Brecon Beacons Natural Waters. He was general manager UK for James Burrough Distillers. Mr John Rowell has been appointed Spadel's UK sales director. He was sales director at Imperial Tobacco.

■ Mr Bill McClements has been appointed manufacturing director of EQUATOR WHEELS & SECTIONS, Wolverhampton. He was production executive at Seamless Tubes, part of British Steel.

■ Mr John Lake has been appointed company secretary of MATTHEW CLARK & SONS (HOLDINGS).

■ Mr Chris Sanders has been appointed managing director of KOSTAL UK, a subsidiary of West German car components manufacturer Leopold Kostal & Co. He will also assume overall responsibility for Kostal's operations in the UK and Republic of Ireland.

■ Mr John Barr has been appointed a director of MOWLEM CONSTRUCTION, with responsibility for staff training and personnel department.

■ CAUSEWAY CAPITAL has appointed Mr Patrick Bulmer as a director. He was a director of County NatWest Ventures. Mr Michael Ewart Smith and Ms Carolyn Maddox have joined the company as investment managers.

■ HOGAN SYSTEMS, Woking, has appointed Mr John O'Malley as managing director for Europe, Middle East and Africa. He was director of development for international money management system - an online real time system for global institutions involved in wholesale banking. The parent company is based in Dallas, Texas.

■ Mr A.J. Jackson, executive director of Blue Circle Industries and chief executive of Blue Circle Enterprises, has been appointed vice president of the National Council of Building Material Producers.

■ STREETS COMMUNICATIONS has appointed Mr Richard Wood to the board to develop capability in investor relations. His career has included Price Waterhouse, Morgan Grenfell, and Smith New Court.

■ NATIONAL FINANCIAL MANAGEMENT CORPORATION has appointed Mr Paul Wrightson as sales director, direct sales division. He was with Sun Life Unit Services.

■ Mr Paul Aggett has been appointed finance director of SENTINEL LIFE and subsidiary companies. He was with Coopers & Lybrand Deloitte.

■ J. & J. FASHIONS has appointed Mr Keith Harding as a director.

■ Mr Tom Kelman, who joined GISSINGS last October as company secretary, has been appointed finance director.

■ YORKSHIRE SWITCHGEAR, Leeds, has appointed Mr Brian Peter as managing director. He was managing director of Federal Electric. Both companies are UK subsidiaries of Merlin Gerin, France.

■ Mr Keith W. Banks has been appointed managing director, TRW TRANSPORTATION ELECTRONICS, Cirencester, UK subsidiary of TRW Messmer, West Germany. He was manager, transmission engineering, Ford Motor Co.

■ Mrs V. Steadman has been appointed secretary of PROVIDENT MUTUAL LIFE ASSOCIATION, and Provident Mutual Managed Pension Funds, from July 1, following the retirement of Mr P. Norton.

■ CITICORP VENTURE CAPITAL has appointed Mr Donald Mackenzie as a director.

■ Mr John H. Bushell *(pictured)*, who joined the board on May 1, has been appointed chairman of DENCORA, Beccles, from July 11 in succcession to Mr John K. Laurence who has retired.

Mr Bushell, a director of J. Henry Schroder Wagg & Co, is a former chairman of London Shop.

■ SKETCHLEY has appointed Mr Rufus Bond Gunning as managing director of Sketchley Vending. He was group managing director of Kalamazoo. Mr Stephen Barney has been appointed managing director of Sketchley Services. He was the group's commercial director, and also takes responsibility for associated businesses CCM, workwear manufacturer, and Sketchley Dimensions.

■ CONSOLIDATED NETWORKS, holding company for Office Networks, Eyos, and Midexhouse Computers, has appointed Mr Nicholas Coutts as group managing director; Mr Fergus Hampton, marketing director; Mr Paul Gilbert, technical director; and Mr John Deether, finance director.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. [illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128.

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

MOTORS, AIRCRAFT TRADES – Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

INVESTMENT TRUST – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES – Contd

Miscellaneous

THIRD MARKET

NOTES

... dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.. y	898	......
Finlay Pkg. 5p.... y	53	......
Holt (Jos) 25p..... y	1305	+5

IRISH

Cap. 8½% Ln. 1991	£98¼	......
9pc Cap Ln. 1996..	£94½	......
Fin. 13% 97/02...	£112¼	......
Arnotts..............	285	......
Carrol (P.J.)...... y	142	......
Hall (R. & H.)......	165	......
Heiton Hldgs........ y	74	–6
IRG..................	205	......
United Drug.........	165xd	+2

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	7
Astec (BSR)	6
BAT	62
BOC Grp	48
BTR	37
Barclays	34
Blue Circle	21
Boots	24
Bowaters	40
Brit Aerospace	47
British Steel	13
Brit. Telecom	25
Cadburys	38
Charter Cons.	42
Comm Union	41
Courtaulds	29
Eurotunnel	55
FKI	7
FNFC	20
Gen Accident	93
GEC	18
Glaxo	68
Grand Met	53
Guardian	28
GKN	33
Hanson	20
Hawker Sidd	53
ICI	99
Ladbroke	27
Legal & Gen	54
Lex Service	28
Lloyds Bank	25
Lucas Inds	13
Marks & Spencer	19
Midland Bk	24
Nat West Bk	30
P & O Dfd	52
Polly Peck	39
Racal Elect	19
RHM	30
Rank Org Ord	70
Reed Intnl	38
STC	21
Sears	9
SmKl. Beecham A	48
TI	39
TSB	11
Tesco	19
Thorn EMI	62
Trust Houses	24
T&N	18
Unilever	58
Vickers	19
Wellcome	57

Property	
Brit Land	32
Control Secs	4
Land Securities	45
MEPC	45
Mountleigh	13

Oils	
Aviva Petlm	5
Brit Petroleum	28
Burmah Oil	55
Conroy Petlm	10
Gaelic Res	3½
Premier	9
Shell	40
Tuskar Res	5½
Ultramar	31

Mines	
Lonrho	21
RTZ	50

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGE
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price of the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set, unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ☆ - 0001 to 1100 hours; ◆ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Bid Price	Offer Price	+ or -	Yield Gross
Norwich Union Life Insurance Soc.—Contd.				
Pensinvestor* & Unit-Linked Plus*				
Mixed Fund	407.5	428.4	+2.7	–
Ordinary Share Fund	608.2	640.2	+11.5	–
International Fund	169.0	177.9	-2.8	–
Property Fund	263.0	276.8	+0.5	–
Fixed Interest Fund	297.6	313.3	+3.4	–
Index-Linked Sec Fund	172.6	[illegible]	+1.0	–
Deposit Fund	226.5	238.4	+0.7	–
Norwich Units May 15	938.37			–
*Prices as at June 12				
Jersey Investment Plan				
With Profits Fund	99.00	104.21	+0.03	–
Intl Equity Fund	95.28	100.29	+0.08	–
Intl Bond Fund	97.61	102.75	+0.69	–
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA 0733 63212				
Prop. Dist. (Gross)	170.5	179.5		–
Prop. Acc. (Gross)	291.6	307.0		–
Equity (Gross)	833.3	877.2	+9.9	–
Managed (Gross)	578.3	608.8	+5.7	–
Prop. Acc. (Net)	135.5	142.7		–
Equity (Net)	191.7	201.8	+2.1	–
Managed (Net)	175.7	185.0	+1.4	–
International (Net)	168.0	176.9	+0.5	–
Gilt & Fxd Interest	104.3	109.8	+0.6	–
Money Fund	116.1	122.2		–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	581.2	611.8	[illegible]	–
Ret Man (Series 2)	197.1	207.5	[illegible]	–
[illegible]	131.4	131.4	+1.0	–
Ret Cash	155.5	[illegible]	+0.1	–
Ret Cash (Series 3)	129.1	129.1	+0.1	–
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ 0272 230271				
Life Funds				
Managed Aggressive	104.9	110.5	-0.1	–
Managed Balanced	98.5	103.7	+0.3	–
Managed Cautious	94.8	99.9	+0.5	–
Pension Funds				
Managed Aggressive	105.9	111.5	-0.2	–
Managed Balance	100.0	105.3	+0.3	–
Managed Cautious	95.7	100.8	+0.5	–

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed June 13	249.2	260.2	–	–
Prudential Holborn Life Ltd				
30 Old Burlington St, London W1X 1LB 071-439 3134				
Holborn Series I Life Funds				
Managed	565.9	595.7	+1.9	–
Equity	1152.6	1223.8	+4.8	–
Fixed Interest	379.3	399.3	+2.4	–
Property	435.1	458.1		–
Cash	286.2	301.3		–
International	397.4	418.4	+1.3	–
Holborn Series II Life Funds				
Managed	553.5	582.7	+2.0	–
Equity	1133.8	1193.5	+4.7	–
International	388.7	409.2	+1.2	–
Fixed Int	368.6	388.0	+2.3	–
Property	423.1	445.4		–
Cash	278.5	[illegible]		–
Pacific Basin	206.0	216.9	+2.3	–
North American	158.9	167.3	-0.9	–
European	187.1	197.0	+0.3	–
Holborn Balanced Gwth	115.9	122.0	+0.5	–
Holborn Strategic Gwth	116.0	122.2	+0.5	–
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 071-439 3134				
Managed	589.1	620.2	+2.6	–
Equity	863.3	908.8	+5.0	–
Global Equity	245.0	257.9	+0.4	–
Fixed Interest	409.2	430.8	+3.0	–
Property	434.0	456.9	–	–
Cash	178.9	[illegible]	+0.1	–
Index Linked Gilt	208.5	219.5	+0.7	–
Guaranteed	14.00			–
International Money	212.1	223.3	-0.1	–
North American	77.1	[illegible]	-0.6	–
Japanese	128.8	135.6	+4.0	–
European	111.9	117.8		–
Special Situations	121.1	127.5	+0.9	–
Communications	97.2	102.4	-0.4	–
Smaller Companies	110.0	115.8	+0.9	–
[illegible]	142.6	150.2	-0.3	–

Prudential Pensions Limited

Johnson Fry Financial Services Ltd

Knight Williams & Company Ltd

161 New Bond Street, London W1Y 0LA

Lazard Fund Mngrs (Channel Islands) Ltd

GUERNSEY (REGULATED)

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling holds on to its gains

STERLING held on to its recent gains, and received underlying support from remarks made by Mrs Margaret Thatcher, the UK Prime Minister. She told Parliament that Britain's underlying inflation rate is significantly lower than the most recent (April) rise in year-on-year retail prices of 9.4 per cent.

The May RPI will be published today and annual inflation is expected to rise to about 9.6 per cent. This includes such items as mortgage interest rates for home owners. These rates are now at very high levels and if stripped out of calculations the underlying figure is around 6.5 per cent, according to the Prime Minister. She added that the comparable average figure for the European Community is about 5 per cent. Calculations on inflation for other members of the EC do not generally take into account interest rates on the purchase of property.

Mrs Thatcher reaffirmed the UK's conditions for joining the exchange rate mechanism of the European Monetary System, and the fact that she stressed a more favourable inflation figure was taken as confirmation that she has softened her attitude towards membership. Apart from a reduction in UK inflation, the Government has also said that all exchange controls must be abolished within the community.

At the London close yesterday sterling was unchanged at DM2.8900 and SFr2.4475. The pound rose to FFr9.7225 from FFr9.7150, but fell to Y262.75 from Y264.50. It also lost ¼ cent to $1.7055. Sterling's index finished unchanged at 90.6.

The dollar rose against the D-Mark but weakened against the Japanese yen, as traders waited for today's figures on US trade, consumer prices and industrial production. It was supported by remarks from Mr Manuel Johnson, Federal Reserve vice president. He indicated that he is satisfied with the present level of the currency and does not see the need for a lower dollar.

There was no strong reaction to news that US producer prices rose 0.3 per cent in May, against forecasts of around 0.2 per cent. In London the dollar rose to DM1.6945 from DM1.6815; to FFr5.7000 from FFr5.6875; and to SFr1.4345 from SFr1.4330, but fell to Y154.00 from Y154.80. The yen was underpinned by news that the Reserve Bank of Australia had sold dollars for yen, but dealers doubted whether this was other than a commercial transaction.

Among the full members of the EMS the lira was subject to further upward pressure. The Bank of Italy bought DM75m against the lira as the D-Mark was fixed at L734.15 in Milan. It closed around the same level in London. The French franc was the weakest EMS currency but remained above its floor against the lira, to finish at L218.25 in London. Reaction was muted to news that France had a current account deficit of FFr4.2bn in April, against a revised March surplus of FFr1.6bn.

EURO-CURRENCY INTEREST RATES

Jun 14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14½-14¾	14½-14⅝	14½-14½	14½-14⅝	14⅝-14½	14⅝-14⅝
US Dollar	8¼-8⅛	8¼-8⅛	8¼-8⅛	8⅜-8¼	8¼-8⅛	8⅜-8¼
Can Dollar	13½-13¼	13½-13¼	13⅝-13⅜	13½-13¼	13⅝-13⅜	12⅞-12⅝
D. Guilder	8¼-8	8⅜-8⅛	8¼-8⅛	8⅜-8¼	8⅜-8¼	8¼-8⅛
Sw. Franc	9¼-9⅛	9¼-9⅛	9⅛-8⅞	9-8⅞	8⅞-8¾	8⅝-8⅛
Deutschmark	7⅞-7⅞	7⅞-7⅞	8-7⅞	8¼-8⅛	8⅜-8⅛	8⅝-8⅜
Fr. Franc	9⅝-9⅛	9⅝-9⅛	9⅝-9⅜	9⅝-9⅛	10⅛-10⅛	10¼-10⅛
Italian Lira	13-11	11-10	11⅞-11	11⅞-11	11⅞-11⅞	11⅞-11⅞
Belgian Franc	10⅛-10⅝	10⅛-10	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞
Yen	7⅛-6⅞	7¼-7⅛	7⅜-7⅛	7⅛-7⅛	7⅞-7⅞	7⅞-7⅞
D Krone	10⅛-10⅝	10⅛-10⅛	10⅝-10⅛	10⅝-10⅛	10⅞-10⅛	10⅞-10⅞
Asian $Sing	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8¼-8⅛	8⅞-8⅜	8⅝-8⅝

Long term Eurodollars: two years 8¾-8⅝ per cent; three years 9⅛-8⅞ per cent; four years 9⅛-9⅛ per cent; five years 9⅛-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

£ IN NEW YORK

June 14	Latest	Previous Close
£ Spot	1.7060-1.7070	1.7105-1.7115
1 month	0.92-0.91pm	0.94-0.93pm
3 months	2.72-2.69pm	2.73-2.70pm
12 months	9.20-9.13pm	9.14-9.04pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		June 14	Previous
8.30	am	90.5	90.6
9.00	am	90.5	90.6
10.00	am	90.5	90.5
11.00	am	90.6	90.6
Noon		90.6	90.6
1.00	pm	90.6	90.5
2.00	pm	90.5	90.7
3.00	pm	90.5	90.7
4.00	pm	90.6	90.6

CURRENCY RATES

June 14	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.768154	0.713594
U S Dollar	7	1.31047	1.22210
Canadian $	13.32	1.53587	1.43169
Austrian Sch	6½	15.6195	14.4819
Belgian Franc	10¼	45.6275	42.4040
Danish Krone	10½	8.45515	7.83919
Deutsche Mark	6.00	2.21994	2.05925
Neth. Guilder	7.00	2.49841	2.31784
French Franc	10¼	7.46771	6.92811
Italian Lira	13½	1629.63	1511.44
Japanese Yen	5¼	202.999	187.898
Norway Krone	8	8.51412	7.90518
Spanish Peseta	-	137.457	127.209
Swedish Krona	11	8.01746	7.43834
Swiss Franc	6.00	1.87921	1.74272
Greek Drach.	20½	N/A	201.501
Irish Punt	-	N/A	0.768039

† European Commission Calculations.
* All SDR rates are for June 13

CURRENCY MOVEMENTS

June 14	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.6	N/A
U S Dollar	67.6	N/A
Canadian Dollar	104.1	N/A
Austrian Schilling	109.3	N/A
Belgian Franc	111.1	N/A
Danish Krone	110.1	N/A
Deutsche Mark	117.8	N/A
Swiss Franc	113.9	N/A
Guilder	114.1	N/A
French Franc	103.9	N/A
Lira	100.9	N/A
Yen	120.6	N/A

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100) **Rates are for June 13

OTHER CURRENCIES

June 14	£	$
Argentina	8522.90 - 8529.60	4990.00 - 5010.00
Australia	2.2020 - 2.2040	1.2880 - 1.2890
Brazil	93.9400 - 95.0200	55.0000 - 55.6000
Finland	6.7685 - 6.7810	3.9600 - 3.9630
Greece	280.55 - 285.05	163.55 - 166.25
Hong Kong	13.2935 - 13.3075	7.7830 - 7.7850
Iran	119.60*	69.90*
Korea(Sth)	1214.75 - 1234.45	713.30 - 718.90
Kuwait	0.50040 - 0.50140	0.29270 - 0.29310
Luxembourg	59.40 - 59.50	34.80 - 34.90
Malaysia	4.6285 - 4.6400	2.7095 - 2.7115
Mexico	4852.40 - 4856.95	2841.00 - 2842.00
N. Zealand	2.9330 - 2.9375	1.7155 - 1.7175
Saudi Ar	6.4125 - 6.4180	3.7495 - 3.7505
Singapore	3.1565 - 3.1635	1.8465 - 1.8485
S. Af (Cm)	4.5465 - 4.5575	2.6570 - 2.6585
S. Af (Fn)	6.7820 - 6.9190	3.9685 - 4.0485
Taiwan	46.80 - 46.90	27.40 - 27.45
U.A.E.	6.2785 - 6.2855	3.6720 - 3.6730

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

June 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7050 - 1.7135	1.7050 - 1.7060	0.93-0.90cpm	6.44	2.70-2.67pm	6.30
Canada	1.9955 - 2.0095	1.9955 - 1.9965	0.21-0.13cpm	1.02	0.66-0.53pm	1.19
Netherlands	3.24½ - 3.25¾	3.24½ - 3.25¾	1½-1½cpm	6.23	5¼-4⅞pm	6.15
Belgium	59.20 - 59.65	59.40 - 59.50	26-23cpm	4.95	76-71pm	4.95

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

June 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Denmark	6.40 - 6.43	6.42½ - 6.43	1.30-1.60oredis	-2.71	3.85-4.35dis	-2.50
W. Germany	1.6625 - 1.6955	1.6940 - 1.6950	0.04-0.02pfpm	0.21	0.05-0.02pm	0.08
Portugal	147.90 - 148.00	147.90 - 148.00	55-65cdis	-4.89	240-256dis	-6.72
Spain	103.95 - 104.55	104.45 - 104.95	50-65cdis	-6.63	150-185dis	-6.44
Italy	1235 - 1245	1243¾ - 1244¾	2.70-3.20liredis	-2.86	8.40-9.40dis	-2.88
Norway	6.46 - 6.48½	6.47½ - 6.48	1.60-1.90oredis	-3.25	4.80-5.40dis	-3.15
France	5.66¼ - 5.70¾	5.69¾ - 5.70¼	0.62-0.67cdis	-1.37	2.25-2.35dis	-1.62
Sweden	6.08¼ - 6.10¼	6.09¾ - 6.10	1.88-2.03oredis	-3.85	5.92-6.47dis	-4.07
Japan	143.40 - 154.15	153.95 - 154.05	0.14-0.12ypm	1.02	0.39-0.36pm	0.98
Austria	N/A	11.91½ - 11.92	par-0.35grodis	-0.18	0.30-1.40dis	-0.29
Switzerland	1.4235 - 1.4355	1.4340 - 1.4350	0.07-0.10cdis	-0.72	0.19-0.26dis	-0.63
ECU	1.2150 - 1.2250	1.2170 - 1.2180	0.18-0.17cpm	1.72	0.60-0.57pm	1.92

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.4040	+0.56	+0.56	±1.5508
Danish Krone	7.79845	7.83919	+0.52	+0.52	±1.6453
German D-Mark	2.04446	2.05925	+0.72	+0.72	±1.1762
French Franc	6.85684	6.93811	+1.04	+1.04	±1.3618
Dutch Guilder	2.30358	2.31784	+0.62	+0.62	±1.5272
Irish Punt	0.763159	0.768039	+0.64	+0.64	[illegible]
Italian Lira	1529.70	1511.44	-1.19	-1.19	±1.5162
Spanish Peseta	132.889	127.209	-4.27	-4.27	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 14	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.
£	1	1.706	2.890	262.8	9.723	2.448	3.253	2122	1.996	59.5
$	0.586	1	1.694	154.0	5.699	1.435	1.907	1244	1.170	34.88
DM	0.346	0.590	1	90.93	3.364	0.847	1.126	734.3	0.691	20.59
YEN	3.805	6.492	11.00	1000.	37.00	9.315	12.38	8075	7.595	226.4
F Fr.	1.028	1.755	2.972	270.3	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.408	0.697	1.181	107.4	3.972	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N Fl.	0.307	0.524	0.888	80.79	2.989	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.471	0.804	1.362	123.8	4.582	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.501	0.855	1.448	131.7	4.871	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.681	2.867	4.857	441.7	16.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000. French Fr per 10: Lira per 1,000; Belgian Fr per 100

FINANCIAL FUTURES AND OPTIONS

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Guarantee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk N East	15	Mount Banking	15		
Co-operative Bank	*16	Nat Bk. of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Savewise 8.5%. Top Tier-£50,000+ instant access 13.7% § Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

MONEY MARKETS

London rates steady

THERE WAS little change in interest rates on the London money market yesterday as dealers took note of Wednesday's signal from the Bank of England that a reduction in UK bank base rates was not welcome at present. Sentiment was helped by the continued strength of sterling on the foreign exchanges. The market showed little reaction to news that UK average earnings rose by an unchanged 9.5 per cent in April, or that unemployment rose 4,400 in May. The figures were broadly in line with expectations.

UK clearing bank base lending rate 15 per cent from October 5

Fixed period rates remained below the 15 per cent base rate level, with three-month quoted at 14⅞-14⅞ per cent against 14⅞-14⅞. One-year money eased slightly to 14⅞-14⅝ per cent from 14¾-14⅝.

Short sterling futures traded quietly on Liffe. September delivery opened slightly lower at 85.46, as the downward pressure faded on UK interest rates. This was the day's low, with the contract holding in a narrow range to close at 85.51, compared with 85.47 on Wednesday.

The Bank of England initially forecast a credit shortage of £500m on the money market, but revised this to £450m at noon. Total help of £439m was provided.

Before lunch the authorities bought £153m bank bills in band 2 at 14¾ per cent. In the afternoon another £201m bills were purchased in bank 2 at 14¾ per cent. Late assistance of around £85m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £328m, with a rise in the note circulation absorbing £95m, and bank balances below target £150m. These outweighed Exchequer transactions adding £65m to liquidity.

In Amsterdam the Dutch Central Bank left its special advances rate at 7.80 per cent when offering liquidity to the money market, via a six day agreement.

In Frankfurt the money market was closed for a religious holiday. It will reopen today. Banks reserve holdings at the Bundesbank fell to DM63.4bn on Tuesday from DM65.1bn, but remained relatively high, averaging DM64.8bn for the first 12-day's of the month, against expectations that the central bank will set a requirement of about DM59bn for the whole month.

FT LONDON INTERBANK FIXING

MONEY RATES

	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.70-7.80	7.85-8.00	[illegible]	8.15-8.30	8.40-8.55	8.00
Paris	9½-9⅝	9⅝-9¾	9⅞-9⅞	9⅞-9⅞	10⅛-10⅛	9.50
Zurich	8⅝-8⅝	[illegible]	-	8⅝-9	-	-
Amsterdam	7.75-7.85	8.18-8.28	-	8.32-8.42	-	-
Tokyo	6⅛-6⅞	7⅛-7⅞	-	7⅛-7⅞	-	-
Milan	11¼-11½	11⅛-11⅜	-	11⅛-11⅜	-	-
Brussels	7.60	9⅜-9⅞	-	9⅝-9⅞	-	-
Dublin	11½-11⅜	11⅜-11¾	11⅛-11⅞	11-11¼	10¾-11	-

LONDON MONEY RATES

Jun 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14⅞	14⅞	14¾	14⅞	14⅞	14⅞
Interbank Bid	3	14⅝	14⅝	14⅞	14⅞	14⅞
Sterling CDs	-	-	14¾	14⅝	14⅝	14⅞
Local Authority Deps.	14⅞	14⅞	14⅞	14⅞	14⅞	14⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14½	14⅞	14⅝	14½	-	-
Company Deposits	-	-	14⅞	14⅞	14⅞	14⅞
Finance House Deposits	-	-	14⅞	14⅞	14⅞	14⅞
Treasury Bills (Buy)	-	-	14⅝	14⅝	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14	-
Fine Trade Bills (Buy)	-	-	15⅞	15⅛	14⅞	-
Dollar CDs	-	-	8.25	8.25	8.30	8.42
SDR Linked Dep. Offer	-	-	8⅞	9	9⅛	9⅝
SDR Linked Dep. Bid	-	-	8⅝	8⅞	9⅛	9⅛
ECU Linked Dep. Offer	-	-	10	10⅛	10⅛	10⅜
ECU Linked Dep. Bid	-	-	9⅞	10⅛	10⅛	10⅛

Treasury Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills: Average tender rate of discount 14.4428 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 31, 1990. Agreed rates for period June 26, 1990 to July 24, 1990, Scheme I: 15.91 p.c., Schemes II & III: 16.44 p.c. Reference rate for period May 1, 1990 to May 31, 1990, Scheme IV&V: 15.201 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from June 1, 1990; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent, one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent. Under £100,000 11½ per cent from Oct 9, 1989. Deposits withdrawn for cash 5 per cent.

CROSSWORD

No.7.264 Set by VIXEN

ACROSS

1 Stays for drinks including wine (8)
5 The fool will get possibly ten to acquiesce (6)
9 Hang on without grant – it could be amusing! (8)
10 Rook a man on the board (6)
12 Show with material to take exception to (9)
13 Money invested in sound equipment for Lords (5)
14 Issue made of retiring age (4)
16 A note added to change to get a book (7)
19 Bolster arranged on the bed at sea (7)
21 Discharge makes some people quite emotional (4)
24 The exceptionally green kind (5)
25 The underworld boss meantime gets run down (9)
27 A jerk without the right work given a certain degree of latitude (6)
28 Assiduous dieting may be necessary when about 50 (8)
29 Cancel the authorisation for a plan? (6)
30 Attendance in advance – sound sense, that! (8)

DOWN

1 Understand about a dog being fast (6)
2 Quick game in the middle of a work-out (6)
3 A light-weight cat (5)
4 Wrong set sent – it's tight as can be (7)
6 Old friend responsible for impasse (9)
7 All object about serving men (8)
8 Sure, try a new sort of bank (8)
11 Action taken in dealing with the worst epidemics (7)
15 It is difficult to hear many giving voice together (9)
17 A quarter lit up, but that's disregarded (8)
18 Leaves a group of fellows around bar (8)
20 Went on a shoot with egghead (4)
21 Of more interest to the consumer (7)
22 Cheese-maker – nice as pie (6)
23 Soft bait for the angler (6)
26 A young woman found to be at fault (5)

Solution to Puzzle No.7,263

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | FRANCE (continued) | GERMANY | GERMANY (continued) | ITALY | ITALY (continued) | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | MALAYSIA | SINGAPORE

[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible] Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
2pm prices June 14

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
[illegible]					

t–No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	June 13	June 12	June 11	June 8	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2929.95	2933.42	2892.57	2862.38	2935.19 (4/6)	2543.24 (30/1)	2935.19 (4/6/90)	41.22 (2/7/32)
Home Bonds	90.92	90.81	90.72	90.85	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1204.56	1208.76	1202.01	1201.28	1212.77 (6/6)	1031.63 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.97	215.04	213.22	212.46	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2956.93 (2947.32) Low 2910.15 (2877.97)

STANDARD AND POOR'S	June 13	June 12	June 11	June 8	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	364.90	366.25	361.63	358.71	367.40 (4/6)	322.98 (30/1)	367.40 (4/6/90)	4.40 (1/6/32)
Industrials	426.27	427.42	421.32	417.53	428.34 (4/6)	371.92 (30/1)	428.34 (4/6/90)	3.62 (21/6/32)
Financial	30.43	30.75	30.61	30.48	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	199.00	199.66	197.42	196.05	200.21 (4/6)	178.43 (30/1)	200.21 (4/6/90)	4.46 (25/4/42)
Amex Mkt. Value	365.04	364.31	362.32	361.17	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	468.86	466.56	462.79	460.87	468.86 (13/6)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	June 8	May 25	May 18	year ago (approx.)
Dow Industrial Div. Yield	3.71	4.01	3.99	3.52

	June 6	May 30	May 23	year ago (approx.)
S & P Industrial div. yield	2.91	2.95	2.94	3.18
S & P Ind. P/E ratio	17.01	16.89	16.08	12.79

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Boeing	2,304,700	59¾	+ ¾
IBM	2,239,300	121¼	+ ¼
Detroit Ed (wd)	2,206,400	26¼	+ ¼
Baxter Intl	1,889,300	24¾	...
Am Express	1,880,200	31¾	+ 1
Tandem Comp	1,831,600	24⅞	- ⅛
Wendy's Intl	1,815,100	6⅞	+ ¼
Philip Morris	1,706,100	44½	- ½
Gt West Fin	1,628,400	18⅞	- 1⅛
Exxon	1,547,200	48¼	- ¼

TRADING ACTIVITY

† Volume (Millions)	June 13	June 12	June 11
New York	158.910	157.100	119.350
Amex	12.689	10.853	8.120
NASDAQ	(u)	163.292	112.219
Issues Traded	1,992	2,003	1,985
Rises	711	988	932
Falls	774	541	561
Unchanged	507	474	492
New Highs	54	40	21
New Lows	26	31	33

CANADA

TORONTO	June 13	June 12	June 11	June 8	1990 HIGH	1990 LOW
Metals & Minerals	3250.70	3241.40	3201.90	3197.80	3453.05 (4/1)	2850.80 (23/4)
Composite	3605.71	3607.70	3578.70	3571.40	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1875.24	1875.24	1855.23	1849.34	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	June 14	June 13	June 12	June 11	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1503.1	1510.6	1501.5	(c)	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	726.1	731.4	723.7	(c)	860.8 (3/1)	715.3 (1/5)
AUSTRIA						
Credit Aktien (30/12/84)	(c)	571.13	572.99	576.44	703.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6309.73	6305.45	6320.53	6313.26	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	382.44	380.16	377.65	375.33	382.44 (14/6)	352.96 (25/4)
FINLAND						
Unitas General (1975)	570.2	570.4	572.6	572.5	677.3 (23/1)	562.2 (11/5)
FRANCE						
CAC General (31/12/82)	543.16	542.86	540.62	539.59	564.62 (30/5)	482.94 (26/2)
CAC 40 (31/12/87)	2028.08	2025.59	2065.82	2002.38	2129.32 (20/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	(c)	760.19	770.23	768.30	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	(c)	2190.0	2220.2	2215.1	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	(c)	1787.39	1800.36	1809.66	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3191.55	3185.14	3203.00	3154.99	3203.00 (12/6)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1725.60	1724.51	1716.25	1706.89	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	763.52	754.49	754.62	750.93	763.52 (14/6)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	32668.11	32371.77	32322.31	32540.18	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2399.97	2378.41	2380.56	2393.01	2867.70 (4/1)	2058.82 (3/4)
2nd Section (4/1/68)	4105.99	4086.12	4064.80	4056.95	4284.18 (9/2)	3313.92 (3/4)
MALAYSIA						
KLSE Composite (4/4/86)	576.16	579.36	581.59	585.10	622.20 (20/2)	518.83 (2/5)
NETHERLANDS						
CBS Tot.Rtn.Gen (End 1983)	266.9	267.4	265.7	264.7	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	(u)	199.2	198.0	197.3	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (Ind) (2/1/83)	835.96	838.41	839.52	837.16	859.05 (5/6)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	861.40	855.76	(c)	802.74	1160.70 (21/3)	740.31 (6/6)
SINGAPORE						
SES All-Singapore (2/4/75)	431.60	433.55	435.08	437.99	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1363.0	1464.0	1507.0	1502.0	2230.0 (16/1)	1363.0 (14/6)
JSE Industrial (28/9/78)	2940.0	2986.0	2993.0	2987.0	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	772.28	780.56	784.97	786.35	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	285.45	286.16	286.28	285.39	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1270.9	1274.7	1275.3	1270.80	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	820.7	819.1	816.8	810.1	825.1 (5/6)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	6092.32	6523.32	6323.22	5933.74	12495.34 (10/2)	5933.74 (11/6)
THAILAND						
Bangkok SET (30/4/75)	978.43	994.62	1016.66	991.27	1083.52 (8/6)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	520.3	520.4	517.5	571.0 (4/1)	468.3 (2/4)

**Saturday June 9: Taiwan Weighted Price: 6098.16. Korea Comp Ex. 799.12
♦ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed, (u) Unavailable.

TOKYO – Most Active Stocks
Thursday June 14 1990

	Stocks Traded	Closing Prices	Change on day
Sharp	13.7m	1,800	+20
Nippon Steel	11.8m	602	+2
MHI	11.6m	1,070	+20
Toshiba	11.3m	1,120	+10
NKK	11.0m	680	+12
Sumitomo Elec	8.6m	1,590	+70
Mitsui Eng&Ship	6.6m	980	+13
Toyota Motor	6.4m	2,580	+80
Kawasaki Steel	6.1m	603	-2
Makino Mlg Mch	5.8m	1,900	+80

3pm prices June 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	19½	AAR	.48	2.4	12	189	19⅝	19½	19⅝	
8¾	8	ACM n	1.01	12.		81	8⅞	8¾	8¾	
11⅝	9⅞	ACMIn	1.26	13.		306	10¼	10	10	
9⅞	7¼	ACM M n	1.01	13.		232	7¾	7⅝	7¾	+ ⅛
12½	10	ACMMM				35	10⅞	10¾	10⅞	
11½	9⅞	ACM Sc	1.26	13.		1019	10	9⅞	10	
9⅛	8⅛	ACMSp	1.01	12.		208	8⅜	8¼	8¼	
24⅞	14½	AL Lab	.16	.7	21	92	23⅛	23	23	- ¼
5¾	2⅛	AM Intl				917	2⅞	2⅝	2⅝	+ ⅛
23½	10¼	AM In pf	2	16.		46	12⅝	12½	12½	- ⅛
107¼	52½	AMR			13	2462	67¾	66⅞	66⅞	- ⅝
24⅞	22½	ANR pf	2.12	8.9		1	23¾	23¾	23¾	- ⅛
4⅛	3	ARX				18	3⅛	3⅛	3⅛	
72¾	40⅛	ASA	3a	7.0		1120	43⅛	42¾	43	- 1⅛
39¼	27⅝	AbtLab	s.84	2.2	19	9084	38⅞	38¼	38⅝	+ ⅛
16⅞	11¼	Abitibi g	.50			170	13⅞	13⅝	13⅝	+ ⅛
13	8½	AcmeC	.40	4.6	10	53	8⅞	8⅝	8⅝	- ¼
41⅞	28⅛	Acusn			22	422	37⅞	37	37¼	
18½	13¾	AdaEx	2.06e	13.		23	16½	16¼	16⅜	
19⅞	9½	Adobe				40	12¼	12	12	- ⅛
20¼	17¾	Adob pf	1.84	9.4		9	19½	19⅜	19½	
21⅝	20⅛	Adob pf	2.40	12.		7	20⅞	20⅞	20⅞	- ⅛
11⅞	8⅞	AMD			20	5665	9⅞	9½	9⅝	- ¼
34⅝	29¼	AMD pf	3	9.5		19	31½	31¼	31½	
10⅛	4⅛	Advest	.16	3.4	59	60	4⅞	4⅞	4⅞	
62½	45¼	AetnLf	2.76	5.3	9	560	53	52½	52½	- ⅜
14	9⅞	AfilPb	.24	2.3		104	10⅝	10¼	10⅝	+ ⅛
25	16½	Ahmans	.88	4.1	10	7894	21½	21⅛	21⅜	+ ⅛
3⅞	1⅞	Alleon				27	2⅛	2⅛	2⅛	+ ⅛

[illegible]

Continued on Page 47

NYSE COMPOSITE PRICES

Continued from previous Page

NASDAQ NATIONAL MARKET

3pm prices June 14

Stock	Div.		Sales 100s	High	Low	Last	Chng
A&W Bd		27	329	u33¼	32¼	33¼	+ ½
ACC Cp	.16	27	257	13	12½	13	- ½
ADC		15	451	22½	21¾	22	+ ⅜
ADT		11	841	33⅝	33¼	33⅝	+ ¼
ASK		17	565	9⅛	8¾	8¾	- ⅛
AST		24	1269	24⅛	24	24⅛	- ⅛
Acclaim s		19	1279	14¼	13⅝	13¾	- ⅜
AcmeSt		8	5	16¾	16¾	16¾	
ActARt		16	34	7⅛	7⅛	7⅛	- ¼
Acxiom		17	263	20¾	20¼	20¼	
AdactLb	.04j	5	2220	1 9-16	1 7-16	1 7-16	- 1-16
Adapt		19	2616	19	18⅛	18¾	+ ¼
Adingt s		14	801	18¼	17¾	18¼	+ ¼
AdobeS	.21e	22	7634	39	37¼	38	+ ⅝
AdvCir s		8	997	9¾	9½	9¾	+ ¼
AdMkSv		16	25	6⅞	6⅜	6⅜	- ½
AdvPoly			708	7⅛	6⅞	7	
AdvTel		19	636	20¾	20	20¾	+ ¼
Advanta	.10	10	47	13⅝	13⅜	13⅜	- ¼
AdvoSy		13	114	11½	11¼	11⅜	
Aegon	2.46e	6	5	67¼	67¼	67¼	+ ⅛
Agrovx			1581	4½	4⅜	4⅜	
AflBsh		19	42	12¼	11⅞	11⅞	- ⅛
AgneyR	.68t	19	588	13¾	13¼	13⅜	
Agnico g	.20		258	6½	6⅛	6⅛	- ½
AirMd		34	110	5⅜	5¼	5⅜	
AirWisc		72	125	10¾	10⅜	10¾	+ ⅛
Airtran	.16	11	28	6⅝	d 6⅛	6½	- ⅛
Akzo	1.79e	6	1451	32⅞	32½	32⅞	+ ⅜
Aldus		24	2742	28	27	27⅛	- ¼
AlexBr	.22	12	162	15	14⅝	14¾	- ⅛
AlexBld	.88	13	317	31¼	31¼	31¼	
AlegW		9	79	8⅞	8⅛	8⅛	- ⅛
AllenPh			1516	12½	11½	12½	+ ½
Alliant		38	7847	u 8¾	8⅛	8⅝	+ ⅜
AlldCap	1.28e	11	140	18¾	18¼	18¼	- ½
AldCall	.66e		142	18	17¾	18	+ ¼
Allwst s		25	1248	10¾	10⅜	10⅜	
Aloette	.32	15	12	19¾	19¼	19¾	
AltaGld	.06e	16	993	3½	3⅜	3⅜	- ⅛
Altera		22	668	13	12⅜	12½	- ½
Altos			16	5⅜	5⅜	5⅜	
APPF	1.60		22	18¼	18	18	
AFTxE	1		134	9⅛	8⅝	8⅝	
AWAirl		66	616	9½	9⅜	9½	+ ¼
ABnkr	.60	7	98	8⅞	8⅝	8⅝	- ⅛
AmCaR		[illegible]	[illegible]	u12¼	11⅞	12¼	+ 1
AGreet	.66	15	1690	37½	36¾	37½	+ ¼
Amlnlg		6	123	7⅛	6⅞	7	

Stock	Div.		Sales 100s	High	Low	Last	Chng
WisnTr	1.44	11	98	40¾	39¾	40	- 1
WiserO	.40	24	1	18¼	18¼	18¼	
Wolohn	.28b	11	120	18¾	18½	18½	+ ¼
WivExp			153	6¼	6⅛	6⅛	
Wolv wt			68	3¼	3⅛	3⅛	
Worthg	.60	19	804	24⅞	24⅜	24½	- ⅜
Wyman	.60		169	13⅛	12⅞	13⅛	
-X-Y-Z-							
XL Dta		8	908	13½	12½	13½	+ 1
XOMA			1474	24⅛	23	23⅛	- ⅛
Xicor			1080	3¼	3	3⅛	- ⅛
YanEnS	1.62e	12	693	19½	19	19⅜	+ ⅛
YelowF	.76	53	801	29¾	29¼	29½	- ¼
YorkRs		22	331	15⅜	14⅞	14⅞	- ⅜
ZionUt	1.44	10	4	29¾	29¾	29¾	+ ⅛

AMEX COMPOSITE PRICES

3pm prices June 14

AMERICA

Worries about company results undermine Dow

Wall Street

NERVOUSNESS on Wall Street about corporate earnings and the clutch of economic reports flooding the market helped push equities broadly lower yesterday morning, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was off 5.45 at 2,924.51. Volume on the New York Stock Exchange was moderate, with more than 87m shares changing hands by mid-day. On the big board, declining issues outpaced those advancing by a ratio of nine to five.

At midday, stocks came under additional pressure from futures-related programme selling and the Dow moved 18 points lower before partially recovering in the early afternoon. Yesterday's release of the producer price index for May, which was 0.3 per cent higher, in line with forecasts, failed to support prices.

Digital Equipment lost $2¼ to $85½ after the company said external forecasts for its fourth quarter earnings were too optimistic.

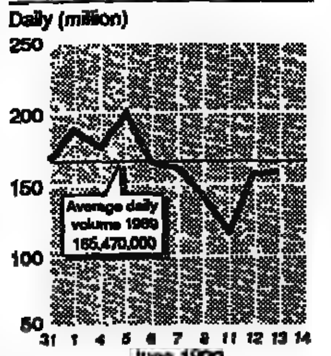
United Telecommunications plunged $3¼ to $40⅞ in active trading after PaineWebber and Donaldson, Lufkin & Jenrette reduced estimates for the company's second quarter earnings because of lower-than-expected revenues from the company's US Sprint subsidiary.

Chase Manhattan dropped $⅛ to $24⅞ after the company said that it might sell some assets and pare back some of its activities, which could result in job losses.

Precious metals stocks moved lower after the price of gold moved below $350 an ounce in overnight trading overseas. Newmont Gold was $1⅞ off at $36¼ and Homestake Mining lost $⅛ to $16¼.

NYSE volume

Daily (million)



Chrysler fell $⅜ to $15½ after Moody's Investors Services said it was reviewing $22.3bn of the company's debt for possible downgrade. Among other big auto makers, General Motors lost $¼ to $49⅞ and Ford slipped $¼ to $46⅞.

Kellogg dropped $1⅞ to $69¼ after Goldman Sachs removed the stock from its recommended list.

In over-the-counter trading, Vitalink slumped $2⅝ to $10¼ after the company's chairman and chief executive resigned.

Exabyte gained $1 to $22⅝ after a new, San Francisco-based firm added the stock to its "buy" list. Tokos Medical jumped $1½ to $16 after the company said that some principal stockholders, who own about 5.9m of the company's shares, had agreed not to sell their shares before September 30. The stock went public at $12 in March.

Canada

WEAKNESS on Wall Street and heavy losses in gold shares pushed Toronto stocks to session lows at midday. The composite index lost 32.3 to 3,573.4 on volume of 22.7m shares. Declines led advances 267 to 160.

Investors were also concerned that Canada's constitutional accord would not be passed by the June 23 deadline.

Corona Corp led volume in gold shares, dropping C$¼ to C$7⅛. Lac Minerals fell C$½ to C$10⅝, Placer Dome sank C$⅝ to C$16¼ and American Barrick eased C$½ to C$19¼.

Canadian Pacific lost C$⅝ to C$21⅞ on volume of 6.71m shares after Gordon Capital and RBC Dominion offered to sell 6.1m shares at C$22.

Malaysian plantations focus on land value

Higher property prices have offset a fall in commodity prices, writes **Lim Siong Hoon**

PLANTATION stocks in Malaysia, which traditionally track the performance of commodity prices and of plantation company earnings, are maintaining a steady course in spite of a fall in the three main crop prices and forecasts of lower company profits.

One reason for this is the current buoyancy of the Kuala Lumpur Stock Exchange (KLSE), while another, perhaps more interesting, development is the growing importance of property values to plantation share prices.

While the KLSE composite index has risen 61 per cent since the start of last year, closing yesterday at 576.16, up 3.20, the plantation index has been fairly flat, and is little changed from the level seen at the start of 1989. This compares with a rise in industrial stocks of about 60 per cent over the same period.

Although it has lagged the rest of the market, the plantation sector is performing well given the recent fall in commodity prices.

Mr Ang Kok Heng, an analyst at TA Securities, one of Malaysia's largest stockbroking houses, puts the stocks' resilience down to the overall surge in demand for Malaysian stocks, which has spilled over to the plantations.

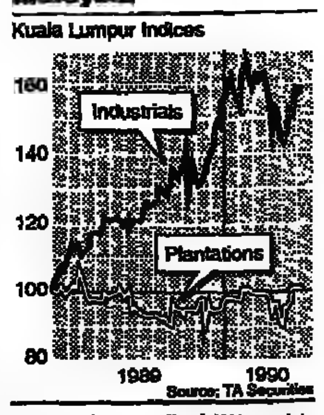
The 44 plantation companies tend to be cyclical, moving in tandem with commodity prices, but not always. Over the past decade they have endured three bearish phases, one occurring soon after the world markets' crash in October 1987 when export prices revived after a slump.

Last year's high palm oil prices and a rise in output boosted many companies' profits. However, in the past six to eight months, commodity prices of palm oil, rubber and cocoa have all fallen to the levels last seen in the bearish period of 1986.

A simultaneous decline in all three crop prices is rare, so most analysts forecast a fall in corporate profitability this year, unless production or prices rise. Nevertheless, the plantations index is currently hovering at about 1,150 – a rise of 50 per cent over its 1986 level.

Malaysia

Kuala Lumpur indices



In an attempt to tackle this, the plantation companies are busily diversifying. East Asiatic, a Danish group, for example, has said that it will spend up to M$200m (US$74m) on diversifying into making rubber gloves and exporting orchids. Its goal is to cut the plantations' contribution to overall income from 50 per cent to 33 per cent.

Last November, Dunlop agreed to sell nearly all its plantation assets for M$480m to Industrial Oxygen, an industrial gas distributor. Dunlop is investing M$218m of that in buying a 41.75 per cent stake in Bandar Raya Developments, the leading property company.

"Property development" are the latest buzzwords for plantation companies – and an important reason for the unexpected resilience of their share prices. Anticipation of rising property prices and an increase in the demand for housing and industrial land have given rise to a spate of transactions within the plantation sector.

Consolidated Plantations, for instance, has agreed to turn part of an oil palm estate near Kuala Lumpur to industrial use. Golden Hope (formerly Harrisons Malaysian), the second largest and usually the most conservative plantation group, also announced property development plans earlier this year.

Such diversification away from agriculture is not unprecedented. Groups such as Sime Darby and Boustead were no longer essentially plantation companies when they entered into trading and manufacturing. But the present changes, hastened by a shortage of serviceable land, have been more rapid and more extensive, and have forced analysts to take a fresh look at the structure of the plantation companies' accounts and their future income base.

There is expected to be a boom in property prices by 1995/96, and the plantations, with their land holdings and hoards of cash, are likely to be among the main beneficiaries. It is, therefore, small wonder that, against the apparent odds, the sector is riding comfortably in the stock market.

ASIA PACIFIC

Rising yen and lower interest rates lift Nikkei

Tokyo

SHARE prices gained yesterday, as a resilient yen and lower interest rates encouraged investors to dip into the market in search of bargains. Arbitrage buying also contributed to the firmer tone, *writes Michiyo Nakamoto in Tokyo.*

On the whole, however, interest was still subdued and volume remained thin. After moving from a high of 32,755.97 to a low of 32,408.88, the Nikkei average closed with a gain of 296.34 to 32,668.11. Gains outnumbered losses by 622 to 320 and a further 181 issues were unchanged. Turnover was unchanged from Wednesday's modest level of 450m shares.

The Topix index of all listed stocks advanced 21.56 to 2,399.97 and in London, the ISE/Nikkei 50 index added 1.93 to 1,794.34.

The yen's recovery against the dollar yesterday and an easing of interest rates helped lift the gloom that had descended on the market recently. While investors were cheered by the better environment and were encouraged into small-lot buying on weakness, arbitrage buying also gave a strong boost.

The main incentive was the attractive price of some large capital issues, which were looking less vulnerable as the yen firmed and interest rates came down. Mitsubishi Heavy Industries added Y20 to Y1,070 and was the third most active stock with 11.6m shares traded.

Nippon Steel, which was the second most actively traded issue, added Y2 to Y602 and NKK, another heavy capital stock made popular by its shipbuilding business, gained Y12 to Y680.

The biggest winners in terms of trading volume and rises in share price, however, were stocks with special incentives. Sharp, the electronics company sought after because of the strength of its liquid crystal display business, topped the actives list for the second day in a row with 13.7m shares traded, and rose Y20 to Y1,900.

Toyota, the carmaker, was actively traded and surged Y80 to Y2,580 on speculation that it would issue bonus shares. The company was reported to have posted the highest pre-tax profits among all listed companies. The company announced after the market closed that it would issue bonus shares and raise its dividend.

Sumitomo Electric, Japan's largest maker of electric wires, gained a strong Y70 to Y1,590, on hopes that it would benefit from plans to build magnetic levitation train lines.

The yen's rise and lower interest rates helped domestically oriented issues. Real estate shares advanced, with Mitsui Real Estate and Mitsubishi Estate each adding Y30, to Y1,920 and Y1,600 respectively. Financials were up, with Nomura Securities rising Y80 to Y2,430.

Osaka remained depressed as investors took profits. The OSE average saw only a slight rise of 15.50 to 35,371.74 and volume fell to 39m shares from 52m on Wednesday.

Roundup

THE NEW Zealand Government's change of plans regarding the sale of Telecom Corp boosted the market yesterday, while other Pacific Rim stocks moved mostly lower.

NEW ZEALAND jumped on the news that the Government would sell the state-owned Telecom Corp to a US-New Zealand consortium for a better-than-expected NZ$4.25bn. The market was relieved that bids by Brierley Investments and Fletcher Challenge had failed and marked the stocks up.

It was also announced that the planned flotation of Telecom shares would not take place until the first half of 1991. Local institutions, which had been holding large cash positions in order to participate in the expected float of NZ$500m this year, were now expected to re-allocate these funds into the market.

The Barclays index rose 17.10 to 1,787.73. Turnover was 9m shares or NZ$12m compared with 7m or NZ$16m on Wednesday.

AUSTRALIA was depressed by a firm domestic dollar and a fall in the gold price. The All Ordinaries index fell 7.7 to 1,502.9. The index for gold shares plunged to a four-year low at 1,290.0, down 28.4, as the bullion price continued to weaken. Turnover jumped to 103m shares or A$311m from 97m or A$262m.

Elders IXL dropped 9 cents to A$1.80 on turnover of 2.1m shares on renewed concerns about the company's financial position. Banks remained active: National Australia Bank, which goes ex dividend on Monday, fell 2 cents to A$6.48 on turnover of 15.2m shares and Westpac slipped 2 cents to A$4.58 as 4m shares changed hands.

SINGAPORE saw shares in GK Goh, a local brokerage, make their debut at S$1.48, down from a grey market price of S$1.65 but above the offer price of S$1.05. Otherwise trading was dull and the Straits Times Industrial index slipped 4.01 to 1,531.08.

HONG KONG finished narrowly mixed, as buyers focused largely on second-line stocks. The Hang Seng index added 6.41 to 3,191.55 while turnover dipped to HK$1.66bn from Wednesday's HK$2.06bn. The utilities sector, which have lagged behind in the market's recent rally, rose on expectations of lower interest rates.

MANILA regained early losses caused by profit-taking and the composite index closed 5.64 up at 861.40. There were also rumours that the First Philippine Fund, listed on the New York Stock Exchange, had started the second phase of its buying activity.

TAIWAN fell as investors cashed in on the last two days of strength. There were also rumours that a group of underground investment clubs in southern Taiwan was dumping shares in the market. The weighted price index tumbled 431.00 to 6,092.32. Volume fell to 1.21bn shares or NT$71.5bn from 1.51bn or NT$91.9bn.

SEOUL fell sharply for the fifth straight session. The composite index lost 8.36 to 772.20 in thin trading of 6.2m shares.

SOUTH AFRICA

GOLD SHARES tumbled yesterday, pulling the rest of the market with them, as the bullion price sank to its lowest level in nearly four years. The JSE all-gold index slumped 101, or 6.9 per cent, to 1,363 while the overall index dropped 126 to 2,989.

EUROPE

Foreign enthusiasm boosts Milan at start of account

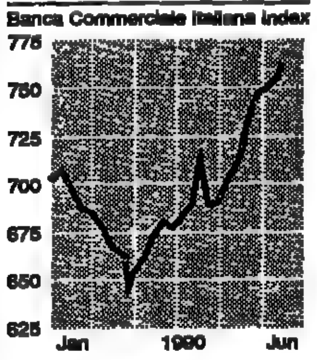
ITALY HIT another peak for the year while Denmark set a record yesterday, *writes Our Markets Staff.* Frankfurt was closed for a religious holiday.

MILAN steamed ahead at the start of the July trading account, fuelled by persistent foreign demand. Turnover was estimated at L450bn after Wednesday's L526bn, boosted by end-of-account trading. The Comit index reached another high for the year, closing up 9.03 at 754.49.

Foreign demand, coupled with a reluctance by domestic funds to take profits, boded well for the rest of the account, dealers said. The heavy volume also allowed investors to take profits or switch from one stock to another without putting pressure on prices. Annual meetings in the next few weeks were expected to provide further positive news.

Italy

Banca Commerciale Italiana index



Montedison, the chemicals company, attracted strong interest, rising L27 to L2,085 on two stories – one that the feud for control of Enimont might be resolved soon, and the other that it would benefit from a much-rumoured restructuring of the Ferruzzi group. In a strong cement sector, Italcementi rose L925 to L151,900.

Computer company Olivetti rebounded after Wednesday's losses and closed L100 higher at L6,970. Insurance stocks continued their strong performance on demand from foreign and domestic investors. Generali jumped L470 to L44,890, while Florence-based La Fondiaria rose to L760 to L64,160. But Fiat failed to partake fully in the market rally, managing to rise only L65 to L10,475.

COPENHAGEN reached a record on active buying of bank and insurance stocks. The bourse index breached the previous record of March 28 to close 2.28 better at 382.44.

Insurance companies Hafnia Holding and Baltica Holding rose on merger speculation, after Hafnia announced it had secured a 28.7 per cent stake in Baltica. Hafnia rose to DKr750 before closing DKr3 lower at DKr725, while Baltica touched DKr950 before ending unchanged at DKr925.

PARIS edged higher after the previous day's 1 per cent rise, with buyers slowly re-appearing after the recent depression about possible tax increases. The news of a 0.2 per cent rise in monthly inflation in May had been expected.

The CAC 40 index rose 2.49 to 2,028.08. Turnover was modest, however, at about FFr2.2bn, after Wednesday's FFr3.2bn, a figure boosted by a block of 1m CGE shares.

CGE was busy again with 340,600 shares traded. The stock rose FFr6 to FFr631, before the news that it had finalised its agreement with Dumez to take over the latter's stake in Framatome, the nuclear power plant builder, and thus gain control. Also active was Thomson, which slipped 10 centimes to FFr123 with 436,100 shares exchanged.

Auxiliaire d'Enterprise lost FFr30 to FFr1,170 in active trading as comments by Mr Michel Pelège, who has said that he could own 25 per cent, flushed out speculators.

Total, the oil group, continued to rise, with its shares up FFr12 at FFr682 and its certificates gaining FFr9.70 to FFr128.80. One salesman pointed out that Total's business, being mostly in refining and distribution, was less vulnerable to lower oil prices than many companies.

AMSTERDAM closed mixed in thin trading, partly because of the absence of West German players. Wall Street's weak opening unsettled prices in the afternoon. The CBS Tendency index fell 0.2 to 120.5.

Philips closed Fl 1.50 down at Fl 32.10 but above its Fl 31.50 low after issuing further profit warnings, for the second quarter and the rest of the 1990 business year.

Ahold, the retailer, rose Fl 1.20 to Fl 146 before reporting after hours that net earnings were up 43 per cent in the first quarter.

STOCKHOLM partially recovered from early losses but closed down after higher-than-expected domestic consumer prices. The Affärsvärlden General index fell 3.2 to 1,270.9 in turnover of SKr328m.

Ericsson registered the largest volume, with SKr32m worth of shares, and fell SKr10 to SKr1,265. Saab-Scania, due to present its four-month results today, saw its free B shares rise SKr2 to SKr234.

MADRID slipped again in low volume, with only the electrical utilities showing any life. The general index, which has slowly fallen since Tuesday when the expectedly good inflation figure for May was announced, eased 0.71 to 285.45.

ZURICH was pulled off its day's highs by late profit-taking, but still finished with a small rise. The Crédit Suisse index gained 1.7 to 660.5.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JUNE 13 1990								TUESDAY JUNE 12 1990					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	138.43	+0.6	120.16	135.45	121.74	119.05	+0.7	5.85	137.54	119.74	134.28	120.99	118.19	158.31	125.85	129.95
Austria (19)	243.93	+0.0	211.74	238.70	214.52	214.39	+0.0	1.25	243.98	212.40	238.20	214.62	214.48	285.63	193.15	120.03
Belgium (61)	150.30	−0.5	130.47	147.06	132.18	128.99	−0.4	4.47	151.09	131.53	147.50	132.91	129.48	160.02	132.11	126.42
Canada (119)	139.63	+0.0	121.20	136.62	122.78	118.50	+0.0	3.44	138.65	121.88	138.34	122.84	118.52	153.61	130.37	140.21
Denmark (33)	258.40	+1.2	224.30	252.86	227.24	226.16	+1.1	1.27	255.36	222.31	249.31	224.63	223.67	260.82	236.69	186.47
Finland (26)	136.46	+0.0	118.47	133.55	120.02	113.64	−0.1	2.41	136.52	118.85	133.29	120.09	113.76	152.29	129.99	135.13
France (125)	158.34	+0.8	137.44	154.93	139.23	141.26	+0.7	2.91	157.09	136.76	153.36	138.18	140.34	168.85	141.69	115.70
West Germany (93)	125.34	−1.3	108.80	122.66	110.22	110.22	−1.4	2.03	127.03	110.59	124.03	111.74	111.74	137.71	122.05	83.40
Hong Kong (46)	131.76	−0.5	114.37	128.92	115.87	131.65	−0.6	4.77	132.47	115.33	129.35	116.53	132.38	132.47	112.24	89.63
Ireland (17)	189.93	+0.8	164.65	185.85	167.02	168.89	+0.8	2.59	188.39	164.01	183.93	165.72	167.48	190.57	172.72	129.28
Italy (96)	107.67	+0.0	93.46	105.35	94.68	99.79	−0.1	2.37	107.62	93.69	105.07	94.67	99.87	107.67	91.85	80.25
Japan (454)	147.81	−0.3	128.30	144.63	130.00	144.63	−0.1	0.68	148.29	129.09	144.77	130.46	144.77	197.28	124.40	167.16
Malaysia (35)	229.93	−0.6	199.56	224.98	202.19	239.93	−0.6	2.25	231.33	201.39	225.84	203.49	241.11	245.32	204.15	179.21
Mexico (13)	531.19	−0.4	461.09	519.78	467.14	1651.45	−0.4	0.31	533.13	464.13	520.50	468.98	1657.46	549.86	324.53	245.11
Netherland (43)	140.23	+0.7	121.73	137.22	123.33	121.86	+0.7	4.63	139.30	121.27	135.99	122.54	121.06	145.66	120.43	114.66
New Zealand (17)	63.99	+0.5	55.55	62.62	56.28	58.50	+0.1	7.56	63.65	55.41	62.15	55.99	58.46	75.38	59.57	63.32
Norway (23)	236.45	−0.1	205.24	231.37	207.94	208.37	−0.1	1.47	236.64	206.01	231.04	208.17	208.53	245.90	202.34	171.27
Singapore (25)	207.20	+0.2	179.85	202.75	182.21	176.40	+0.1	1.92	206.87	180.10	201.97	181.98	176.17	207.93	179.70	159.36
South Africa (60)	180.12	−1.5	156.35	176.24	158.39	158.44	−1.1	3.78	182.88	159.21	178.54	160.87	160.23	251.39	173.80	138.24
Spain (42)	160.54	+0.2	139.36	157.10	141.18	127.34	+0.0	4.18	160.26	139.52	156.46	140.97	127.35	165.19	132.84	144.45
Sweden (35)	214.86	−0.3	186.51	210.25	188.96	194.27	−0.4	2.07	215.57	187.67	210.47	189.64	194.90	217.97	173.69	159.11
Switzerland (66)	103.55	+0.5	89.88	101.33	91.07	91.99	+0.3	2.25	103.00	89.67	100.57	90.62	91.70	104.31	88.75	74.68
United Kingdom (305)	166.11	+1.7	144.19	162.53	146.07	144.19	+1.4	4.69	163.37	142.22	159.48	143.69	142.22	166.11	139.87	133.70
USA (537)	147.56	−0.4	128.09	144.40	129.77	147.56	−0.4	3.29	148.11	128.94	144.61	130.29	148.11	148.56	130.61	132.13
Europe (984)	147.68	+0.6	128.19	144.51	129.87	128.70	+0.5	3.54	146.76	127.76	143.28	129.10	128.11	147.76	135.67	112.83
Nordic (117)	205.71	+0.3	178.56	201.29	180.90	175.68	+0.2	1.71	205.10	178.55	200.24	180.42	175.25	208.93	185.01	154.16
Pacific Basin (659)	146.83	−0.3	127.45	143.68	129.12	142.97	−0.1	0.90	147.26	128.20	143.77	129.54	143.08	192.75	124.63	163.18
Euro – Pacific (1643)	147.56	+0.1	128.09	144.38	129.76	137.74	+0.1	1.96	147.44	128.36	143.94	129.69	137.55	174.18	130.35	143.12
North America (656)	146.98	−0.3	127.58	143.84	129.28	145.83	−0.3	3.30	147.50	128.41	144.02	129.77	146.15	147.67	131.02	132.53
Europe Ex. UK (679)	135.22	−0.1	117.37	132.34	118.94	119.17	−0.1	2.77	135.30	117.79	132.12	119.04	119.34	139.50	124.61	99.52
Pacific Ex. Japan (205)	134.41	+0.2	116.67	131.54	118.21	120.72	+0.2	5.07	134.10	116.83	131.03	118.06	120.51	138.32	122.55	115.69
World Ex. US (1835)	147.84	+0.1	128.33	144.66	130.02	137.70	+0.1	2.04	147.75	128.63	144.26	129.98	137.53	173.77	131.30	143.03
World Ex. UK (2067)	144.68	−0.3	125.59	141.58	127.25	140.50	−0.2	2.22	145.10	126.32	141.67	127.65	140.80	162.00	130.80	138.65
World Ex. So. Af. (2312)	146.37	−0.1	127.06	143.24	128.73	140.70	+0.0	2.46	146.49	127.53	143.03	128.87	140.76	161.84	131.95	138.20
World Ex. Japan (1918)	147.40	+0.0	127.95	144.25	129.65	139.05	+0.0	3.46	147.36	128.29	143.88	129.65	139.09	147.88	134.62	124.64
The World Index (2372)	146.58	−0.1	127.23	143.43	128.91	140.82	−0.1	2.47	146.71	127.72	143.24	129.07	140.89	162.05	132.25	138.20

Latest prices were unavailable for this edition.

JPMorgan

RECRUITMENT

JOBS: The generation gap of the 1960s has apparently widened and deepened with time

The mindless chickens come home to roost

MATURER readers who raised their children in the 1950s and 60s may recall being guilt-stricken by a question posed by the psychiatrist Erik Erikson. Would young people act so openly confused, he asked, if we oldies hadn't taught them they were *supposed* to have an *identity crisis*?

If he was right, the confusion we visited on them not only persists, but is coming home to roost with a vengeance. Anyone doubting it need only scan the research report* published this week by Britain's Institute of Manpower Studies on employers' *attitudes to older workers*.

The researchers questioned senior personnel staff in 20 organisations with a total of over 600,000 employees in the United Kingdom, all of which were hard-pressed to maintain the full range of skills they required. All of them also saw the growing host of grey-haired folk as a source of much needed recruits, even though only a dozen had specific plans to take on more of same.

Unfortunately, the report fails to give the ages of the managers running the organisations. But it contains numerous hints that they *belong* to the confused generation Erikson spoke of, their definitions of "older workers" being a prime case in point.

"Five companies felt that anyone over 40 was effectively an older worker whereas in one case anyone over 30 was deemed to be in this category. On the other hand, four companies suggested it was 45 and a further five put it at 50."

While the investigators cut through that tangle by taking 40-50 as a rule of thumb, the scattiness did not end there. Far from it.

For one thing, definitions tended to depend not just on numbers of years lived, but on rank. "People in management jobs were often considered to be relatively young and with plenty of potential if they were in their 40s, whereas shop-floor workers of the same age were considered to be older."

For another, some employers apparently believed that workers already on their payroll stayed young a good deal longer than folk who were not. "A service-sector company regarded people over 35 as old for recruitment purposes but considered 45 to be old for those currently in employment."

So the researchers must have been startled as well as delighted when one of their questions — about staff-turnover rates — produced an unequivocal reply. It was also one of the few occasions, they add, when the companies based their answers on objective data. "Without exception they all reported that turnover declined substantially with age."

Moreover, although relying on subjective impressions, two thirds of the 20 personnel chiefs felt reliability and commitment to the *job also improved with age*, while productivity held up even if it didn't increase. "This broadly reflected previous research," the institute's report tells us. "It has been concluded that older workers are likely to be as productive as younger workers and to have slightly lower turnover and absenteeism rates."

It was nevertheless doubtful that the organisations would welcome grey-hairs as recruits. The reason was not formal age-bars, which were in *force* for only a minority of jobs. (If I remind readers that managers, unlike shop-floor ranks, were thought relatively young and promising in their 40s, and add that eight of the 20 felt that managerial ability grew with age and another eight that it stayed level, it will surprise no one to hear that the formal bars applied mainly to management work.)

Not their fault

Strangely enough, when the personnel chiefs were asked why older candidates were unlikely to be welcome, several did something *any parent* will *recognise straight* away. Faced with firm evidence that what was going on made the opposite of sense, they blamed it on somebody else.

"Implicit age limits appear to operate across a wide range of jobs, occupations and industries. Respondents often referred to their existence but felt there was little they could do to prevent their operation except to 'educate the more rigid thinkers'. In their view, these 'rigid thinkers' tended to be line managers."

In which case it seems that, however mature the respondents are personally, the personnel function has not yet grown up as an effective arm of management.

That may be why, apart from pruning restrictive clauses from pensions rules, their other main hopes for removing the blockage lay in actions by the nanny State. Most of the 20 were in favour of outlawing unfair discrimination by age, as the United States has done since 1967. Subsidies such as reduced National Insurance for older workers and grants for their training were mooted too.

But it would be wrong for any of us of riper years to think that although the personnel chiefs might be managerially retarded, they were unstintingly in our favour. The cure for that thought lies in the sorts of work for which they mostly believed older recruits were somehow naturally fitted. The report summarises them as: "being-there" jobs requiring "low skill, low responsibility, and repetetition." And the reasons why we are limited to them are seemingly threefold.

The first is that our health deteriorates, disqualifying us especially from working under pressure of time that demands fast reactions. It is a failing which, although it doesn't cause us to take more time off than youngsters on average, simply cannot be denied. For example, the Jobs column would certainly be less effective on the judo mat today than it was 30 years back — a fact which, since reading of the personnel chiefs' attitudes, I've deeply regretted.

The second is that age makes us less flexible, not just about such matters as moving home to work *wherever our employer may* wish, but in our ability to learn new skills. In particular, we are apparently incapable of coming to grips with new technology of the sort with which newspapers among other things are now produced. (The only one of the 20 who firmly opposed that view looks to be the only one who had tried giving older workers *"computer-awareness" training*.)

Our third disqualification from challenging jobs is that we lack ambition. But since our inability to learn new skills seemingly deters the bulk of companies from even offering us training, perhaps that is just as well.

'The main reason for it may be that our old heads have learned by experience. After all, today's 50-plus generation has suffered more than any other still around in strength from forced early retirement if not dismissal, often for the benefit of the age-bands below.

The worrying thing is that the beneficiaries do not expect us to be affected by such experiences. For most of the personnel chiefs seemed sure we will rush for the dead-ends they'll offer us if only line-management will let us in.

That, plus their apparent tendency to run their recruiting activities like mindless chickens, suggest that Erikson understated things and we oldies did the next generation irreparable harm. If so the only practical, albeit painful, policy is to write them off and concentrate on ensuring that our grandchildren at least can not only put two and two together, but act in line with the result.

Michael Dixon

**Older Workers, by Hilary Metcalf and Marc Thompson. IMS, Mantell Building, University of Sussex, Falmer, Brighton BN1 9RF; tel 0273 686751, fax 0273 690430. £24.*

BANKING FINANCE AND GENERAL

confidential

OPERATIONAL RESEARCH AND PRODUCT MARKETING

City — **Salary Negotiable**

Our client is a small firm, involved in Asian financial markets. The company is seeking a specialist analyst to work in operational research and marketing.

The position requires the provision of support analysis in all product areas, and development and marketing of new products in the Far East. He/she will also have responsibility for in-house staff training in operational research and computer-related areas.

The successful candidate will have a good degree, and preferably a PhD, in a quantitative discipline with experience of original research at post-graduate level and familiarity with a high level programming language. Fluency in a Far Eastern language (preferably Chinese) is desirable.

Please apply with full C.V. including salary details and quoting ref FT/467, to Lynda Everett, Confidential Reply Service, Riley Advertising (London) Limited, 159 Hammersmith Road, London W6 8BS.

Please list separately any companies to whom your application should not be forwarded.

LONDON EDINBURGH BIRMINGHAM LEEDS BRISTOL **RILEY** NORWICH GLASGOW NEWCASTLE NOTTINGHAM MANCHESTER

Experienced Arbitrage Traders

We have recently set up an Arbitrage Trading Department to exploit pricing anomalies in fixed income, equity and all derivatives markets. We are now seeking to recruit experienced arbitrage traders to expand the department's activities.

Successful applicants will have an excellent educational background, probably in a quantitative discipline, and a thorough understanding of financial theory. In addition they are likely to have at least two years' successful trading experience and the ability to work within a small, highly motivated team.

A highly competitive package is offered to candidates with relevant experience. Applications by way of a full CV, in strict confidence, to The Personnel Director, Deutsche Bank Capital Markets Limited, 150 Leadenhall Street, London EC3V 4RJ.

Deutsche Bank Capital Markets Limited

A wholly owned subsidiary of Deutsche Bank, AG

INTERNATIONAL BANK

Currency Analyst

City Package £50,000+

Our client is one of the world's most respected AAA rated banks. The Bank is currently undergoing a period of vigorous expansion due to developing business and further diversification into European currencies. As a result of this growth, the need has arisen for a Currency Analyst and strategist who can provide information, primarily on the Foreign Exchange and Interest Rate markets as well as advising on strategic position taking decisions.

The successful candidate will provide an analytical and strategic trading advisory service particularly in the European currencies, as well as producing reports on a regular basis to the Bank's staff including overseas branches and to clients. The successful applicant will work closely with the traders and will enjoy client and global interbranch contact requiring strong communication skills. The ideal candidate who will have had actual Foreign Exchange and Money Market trading experience, will be aged mid-twenties to mid-thirties, be educated to degree level, have good market contacts and be capable of economic fundamental and technical analysis. In addition the successful candidate must have the ability to devise strategies and to be decisive, confident and highly motivated.

For the right candidate, who is able to rise to the challenge, opportunities for further career development are excellent and a competitive salary will be augmented by an attractive benefits package.

Applicants should contact Kate Griffiths on 071-831 2000 or write, with full personal career and salary details to her at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

CAPITAL MARKETS SOFTWARE

The global leader in derivative instruments' trading software is expanding and offers the following growth opportunities. All positions offer equity and relocation assistance.

California Headquarters

Senior Development Officer - Five years' experience leading a successful team of front and back office systems' developers. Unix and RBDMS background.

Accounting Products Manager - Five years' experience in accounting systems development/specification for bonds, swaps and options. Familiarity with audit, security, credit and settlement requirements.

Tokyo Office

Account Executives - Previous Tokyo experience in Capital Markets and proven sales ability.

All enquiries will be treated in the strictest confidence.

Please reply with CV or letter to:-

Vice President
International Computer Aided Trading Systems
43, St. John Street
London. ECIM 4AN

GRADUATE CAREER

International Banking

This growing investment banking subsidiary of the world's largest institutional investor *seeks* graduates to develop and supplement existing operations. Their firm commitment to establish a permanent international presence in London opens the way for select and ambitious individuals to share in the planned growth of the Company over the next few years.

You will become thoroughly acquainted in aspects of Merchant Banking particularly in Bonds and Corporate Finance in the New Issues and *Sales Departments*. Regular travel in the UK will be necessary to service and develop the client base with the probability of overseas travel in due course. The prospect is for a secure and challenging future with the unrivalled support of a powerful Japanese Bank.

You will be graduating this summer and looking for an opportunity to develop your powers of communication and business acumen. Your ambition, determination and drive will be met with appropriate challenges and the offer of increasing responsibility. You will be in a strong position in the future to contribute significantly to the continued development of Bonds and Corporate Finance.

A competitive remuneration package is offered which includes a range of attractive benefits. To apply, please write enclosing full C.V. and quoting ref. 7023, to Cripps, Sears Selection Division, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone 071-404 5701. Fax: 071-242 0515.

CS&P Selection

FUND MANAGER JAPANESE EQUITIES

This is an opportunity to take full responsibility for all Japanese Equities investments in the London-based asset management Company of a major international banking group. Your job will entail stock selection and asset allocation responsibilities for a range of pension, private client and unit funds. The atmosphere in the firm is friendly and unbureaucratic and you will be attracted by the chance to make your own decisions and develop your own performance record.

You are likely to be aged 25-35 and should have gained at least 3 years' experience of the Japanese market, preferably in an investment management role, but possibly as an analyst on the broking side. A knowledge of the warrants market is essential.

The position offers an attractive compensation package which includes a car and mortgage subsidy. If you would like to be considered please write in complete confidence to **Michael Thompson at John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP** or telephone **071-222 7733** for a preliminary discussion.

John Sears and Associates A MEMBER OF THE SMCL GROUP

ASSISTANT COMPANY SECRETARY

Major Distribution and Services Group

Central London *c £40,000 + excellent benefits*

Our client is one of the best known vehicle distributors and full service contract hire operators in the UK; it is also a major international distributor of electronic components. Listed on the International Stock Exchange, it has a market capitalisation in the region of £250 million. There are more than twenty principal subsidiaries and related companies in the UK and a total of 12,000 employees worldwide.

As a result of promotion, our client wishes to appoint an Assistant Secretary, to be based in Central London. Reporting to the Company Secretary and working at the centre of a dynamic group, corporate responsibilities will include acquisition and divestment work. The Assistant Secretary will also be Company Secretary of a number of key subsidiaries and important joint venture companies.

Candidates, ideally aged between 30 and 37, will be solicitors or barristers and will have gained at least five years' experience within a secretarial department of a quoted company, preferably in the corporate office of an industrial conglomerate with overseas operations. Knowledge of another European language would be an advantage but is not essential. Personal characteristics must include outstanding communication skills, an *outgoing personality and a flair for original thinking.*

Please apply in writing enclosing a CV and quoting reference S5580 to:

SC SELECTION

84 Palace Court, London W2 4JE

NatWest International Trust Corporation (Isle of Man) Limited

TRUST PERSONNEL

NatWest International Trust Corporation, a leading International Bank and Trust Company has vacancies for Trust Personnel at varying levels of experience in its Isle of Man office. The *successful candidates will enjoy the opportunity* of working in an offshore financial centre which is recognised for its standard of living and environment.

Applicants will either hold the ACIB Trustee Diploma or ACIS, or will be part-qualified. A minimum of 5 years in administering Trust and Executorship cases will be required.

Attractive salar es, benefits and relocation packages will be offered.

Send detailed Curriculum Vitae to:

The Personnel Manager
NatWest
International Trust Corporation
(Isle of Man) Limited
PO Box 53
33 Athol Street
DOUGLAS, Isle of Man.
or Telephone 0624 27124 for further information

International Economist

£ Negotiable + Car

Our client is a major International Bank, seeking to appoint an experienced Economist to a key role, contributing significantly to the Bank's decision making process.

The position involves the provision of global financial macro-economic advice to corporate clients and in-house treasury world wide, as well as for the development of investment strategy and asset allocation. The production of regular economic commentaries for external distribution is also an essential part of the work.

The successful candidate is likely to be aged early to mid 30's, must possess good communication skills and should already be performing a similar function. Remuneration will reflect the importance of the position and a full benefits package is applicable.

Please submit a C.V. to the address below or contact us by telephone for further details.

GORDON BROWN & ASSOCIATES LTD.
RECRUITMENT CONSULTANTS

5TH FLOOR, 2 LONDON WALL BUILDINGS,
LONDON EC2M 5PP
TEL: 071-628 7601 FAX: 071-638 2738

Gordon Brown

MBA, COMPANY DIRECTOR

Ex management consultant for big 8 firm and recently worked in financial services sector for major UK company. Experienced in strategic reviews, performance evaluation and acquisitions in UK and Continental Europe (West Germany, France, Spain, Luxembourg and Scandinavia). Seeks free lance work including troubleshooting, special projects, acquisitions etc.
Apply in confidence to

Box A844, Financial Times,
One Southwark Bridge,
London SE1 9HL.

APPOINTMENTS WANTED

YOUNG PROFESSIONAL: CANADIAN REAL ESTATE & BUSINESS BROKER, MORTGAGE BROKER

Multi-Lingual English, Hungarian, French
Highly motivated, results oriented, experienced in various forms of Real Estate & Business Brokerage.
- SALES
- MARKETING
- PROPERTY MANAGEMENT
- INDUSTRIAL, COMMERCIAL AND INVESTMENT
- IDENTIFYING AND ANALYZING ACQUISITION POSSIBILITIES

Seeks to work with a company with growth potential, aggressive marketing/leadership strategies, currently positioning themselves in Hungarian business community
May be interested in relocating to Budapest.

Write in Confidence to
Box A826 Financial Times,
One Southwark Bridge
London SE1 9HL

CJA RECRUITMENT CONSULTANTS GROUP
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 071-588 3588 or 071-588 3576
Telex No. 887374 Fax No. 071-256 8501

Outstanding opportunities with excellent promotion and career prospects

CJRA

ACCOUNT OFFICERS – CORPORATE BANKING

CITY **£30,000–c£40,000 + BANKING BENEFITS**

MAJOR INTERNATIONAL BANK, A PRIME NAME IN THE MARKET

Due to the continued expansion of our client's business with major UK and International Corporates, we invite applications from experienced bankers aged 28-35, preferably graduates, to complement our existing team. Reporting to a Group Head, you will be responsible for managing the client relationship, together with Senior Account Officers, and meeting profit targets. You must have had at least 5 years' banking experience, a strong credit background and familiarity with the latest treasury/interest rate protection products. The ability to deal with clients and colleagues at all levels and to communicate in a confident and professional manner is essential and successful candidates will also have the potential to grow into more senior positions. Initial salary negotiable £30,000-c.£40,000 and full range of banking benefits will be given. A car may be provided depending upon level of entry. Applications in strict confidence under reference AO23423/FT will be forwarded to our client. *If there are any companies to whom you do not wish your application to be sent these* should be listed in a covering letter and the envelope marked for the attention of the Security Manager: CJRA

An interesting and demanding appointment – scope for share ownership after 2 years and to become Director within 3-5 years

CJA

ANALYST – RE-INSURANCE PROGRAMMES

CITY **£26,000–£33,000**

LEADING FIRM OF INTERNATIONAL RE-INSURANCE BROKERS

We invite applications from candidates aged 22-26, either university graduates or chartered accountants, who are computer literate and have gained at least 2 years successful practical experience in interpretative analysis, either in an insurance corporate or a firm of professional accountants, utilizing advanced micro based data analysis systems. The successful candidate will be responsible for in depth research into: client companies and prospective clients; the market place in which they operate and their existing re-insurance programmes. Continuation training will be provided where necessary. The ability to produce cogent commercial conclusions in an interesting and persuasive manner is important. Up to 20% UK travel may be necessary, possibly leading to international travel at a later stage. Initial salary negotiable £26,000-£33,000, contributory pension, free life assurance, free family BUPA, assistance with removal expenses if necessary. Applications in strict confidence under the reference ARIP 4721/FT to the Managing Director: CJA

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 071-588 3588 or 071-588 3576. TELEX: 887374. FAX: 071-256 8501.
ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT–PLEASE TELEPHONE 071-628 7939

AIRCRAFT FINANCE

We urgently seek bankers (graduates, ACA's/MBA's) aged 25–40 years, who have specialised in predominantly *aircraft finance, for the following vacancies:*

DEPUTY MANAGING DIRECTOR: This US group specialising in aircraft/ships off balance sheet financings seek a senior marketing/negotiator with extensive Pan European tax based experience. **Salary: c£80,000.**

VICE PRESIDENT: This major player actively seeks a strongly motivated marketeer, able to source, package and sell down, on a global basis, high value aircraft cross border deals. **Salary: neg. c£60,000.**

SENIOR MANAGER: This Merchant Bank seeks a UK and European tax based packager/financier/adviser/fee income generator. **Salary: to £50,000.**

UK/EUROPEAN LEASING

No. 1 VENDOR PROGRAMMES/MSP: Actual hands on experience of setting up tailored schemes for major manufacturers, unit values £50K-£400K, covering UK and Europe. **Salary: to £40,000.**

AVP MARKETING: Major US bank seek a motivated candidate able to negotiate big ticket cross border asset financings on a European basis, a prerequisite, strong technical ability, fluency in French or German useful. **Salary: c£40,000.**

MANAGER: This major bank seeks a big ticket asset finance 'technical expert' able to evaluate, price, structure and offer taxation advice. ***Salary: to £35,000.***

CREDIT/RISK ANALYSTS

On behalf of our clients we seek to recruit graduate bankers aged 20-35 years for the following vacancies:

SENIOR CREDIT/RISK ANALYST: A leading investment house seek a high calibre risk officer to assist clients covering capital market products, ie bond issues, equities and establish trading limits etc. **Salary: to £45,000.**

SENIOR ANALYST: This European bank seek at least 3-5 years of UK corporate appraisal/proposals experience covering lending, MOF's, syndications, trade and property finance. **Salary: neg. £25-£30,000.**

CREDIT ANALYST: Several major international banks seek bankers with comprehensive credit experience of UK corporates, covering lending, forex, M/M products and structure financings. **Salary: neg. £28-£30,000.**

Please contact by telephone or forward a detailed Curriculum Vitae. All enquiries treated in confidence.

OBSB OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS
65 London Wall, London EC2M 5TU
Tel: 071-588 3991 Fax: 071-588 9012

Principal Financial Analyst

£30,000 plus with an attractive benefits package including a car and London allowance

Our Client, a major international insurance group, is looking for a high calibre, commercially astute financial analyst to join its City-based corporate finance team.

This challenging position provides an excellent opportunity to excel in a dynamic, change-orientated environment, playing a significant role in our client's financial development.

You'll be analysing a broad spectrum of business problems that impact upon the central finance activities of the group, including the financial appraisal of worldwide acquisitions and divestments.

The successful candidate is likely to be a graduate accountant with at least five years experience in industry or commerce, although other candidates who can demonstrate a successful career encompassing corporate finance work will be considered.

Strong analytical and communication skills are essential for this position as is the ability to work under pressure. A high level of commitment and enthusiasm will also be sought from the successful candidate who will be responsible for the motivations of the small team reporting to them.

Please send a detailed CV to Elizabeth Ivall at the address given below, stating clearly any companies to which your CV should not be forwarded. Replies will be sent direct to our client for consideration.

B&B

B & B Selection

Griffin House, 161 Hammersmith Road, London W6 8BS.

Baring Securities

Financials Equity Research

**Expatriate Package + Bonus
JAPAN**

Baring Securities has established a first-class reputation in international equity markets, combining their strength in both research and sales to build an excellent foundation for their expanding business.

Having developed a significant presence in the Japanese equity markets they seek to strengthen their Tokyo research capability with the addition of an experienced equity analyst who will be responsible for coverage of the Banking sector in Japan.

To join this premier research team you will probably be in your late twenties with a well established track record within the Financials sector in either the UK or Japan. You may be covering the broad range of financial stocks or specialising in one particular area of the sector.

In addition to an excellent expatriate benefits package you will also enjoy a substantial performance-related bonus.

To find out more please contact Alannah Hunt on 071-939 5190 or write to her including CV and quoting reference A/1063 at:

**Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London
SE1 9QL**

Price Waterhouse

AT A CAREER CROSSROADS?

Hill Samuel Investment Services is seeking executives, aged 25 ti 50 and with experience in industry, commerce or the professions, to become Personal Financial Advisors. All necessary training and support, including office facilities, will be given tto enable you to promote the renowned range of Hill Samuel personal and corporate financial products and services. London commuter area.

Contact: Peter Bolton 071-222 4858
Hill Samuel Investment Services Ltd.,
29 Queen Anne's Gate, London, SW1 9BQ.

NEW YORK BASED INTERNATIONAL LAW FIRM

requires barrister or solicitor for its London representative office. Applicants should have strong academic credentials and seven to ten years commercial/tax experience. Salary negotiable and commensurate with experience. Please submit curriculum vitae and salary requirements in confidence to

Box A845, Financial Times,
One Southwark Bridge,
London SE1 9HL.

CAPITAL MARKETS SENIOR MANAGER

TSA Regd. fluent in french, English and German. Degree in Economics, Paris Dauphine University 15 yrs experience in brokerage and trading, specialised in basis trading and arbitrage. London based, would relocate worldwide.

Replies in confidence to A839, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

Treasury Manager

Manchester

£30-35,000 plus bonus, car and benefits

Our client, the banking arm of a dynamic financial services Group, is experiencing considerable success which has resulted in the creation of this new position. It is seen as a very senior appointment, with a key contribution to make to the Group's treasury activities.

The Treasury Manager's role will be broad and will include strengthening the existing function as well as playing a key role in the Group's continued development. The position will encompass all aspects of sterling treasury operations including cash management, interest rate exposure management, investment, funding and the development of banking relationships.

A high calibre treasury specialist is required with broad treasury management experience, a sound knowledge of FRA's, interest swaps and hedging and a proactive approach to treasury management. Candidates, who will probably be graduates, aged 30-40, must possess the ability and ambition to join the Board in due course.

An excellent benefits package will include bonus, non-contributory pension scheme, company car and relocation, if required.

If you think you meet the requirements of this role, please write to Geoffrey Rutland FCA, ATII, or Richard Holland at the address below, quoting reference 1631, and giving concise career and salary details and a daytime telephone number, or phone them on 071-583 3303 (office) or at home on 081-878 8395 or 081-677 3803 respectively.

BDO CONSULTING

BDO Consulting
8 St Bride Street
London EC4A 4DA
Tel: 071 583 3303

Appointments Advertising

appears every Wednesday
Thursday.
and Friday International Edition only).
For further information please call:

071-873 3000

Jennifer Hudson
ext 3607

Richard Huggins
ext 3460

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

UK INVESTMENT HOUSE

FUND MANAGERS

CITY £ Neg.

This is an excellent opportunity to join a well-established and successful investment team as it enters its next phase of expansion.

Candidates should be well-acquainted with equity management and research, probably with a minimum of 5 years' experience.

Most likely educated to degree level or professionally qualified, possibly with language skills, applicants should be able to demonstrate a capacity to take on individual responsibility, as well as being able to work enthusiastically as a member of a team.

FRAMLINGTON

Please apply with detailed curriculum vitae to: Mrs. P. Durham, Framlington Group plc, 155 Bishopsgate, London EC2M 3XJ

JOIN THE NEW FORCE. SHARE OUR NEW FUTURE.

PRIVATE CLIENT STOCKBROKING. EXECUTIVES AND TEAMS.

Take stock of your position. Are your prospects as bright as ours?

Bell Lawrie White, the new force, is looking for new blood. BLW is fast becoming the major national stockbroking network in the UK; headquartered in Edinburgh, with offices in the City of London, Aberdeen, Cardiff, Cheltenham, Dumfries and Manchester. You could well help us open our next office.

Backed by the capital strength of TSB Group plc and spearheading its commitment to private client stockbroking, the firm currently advises more than 70,000 investors with a total portfolio of £3 billion.

If you share our commitment to the private client, and have the skill and the experience to bring further dynamic growth to BLW, please telephone Derek McIntosh or Robert Mundie on 031-228 5777 now; or write to Robert Mundie, Director, Bell Lawrie White & Co Ltd, Norloch House, 36 King's Stables Road, Edinburgh EH1 2EU.

BELL LAWRIE WHITE & Co Ltd

MEMBER OF THE INTERNATIONAL STOCK EXCHANGE
MEMBER OF THE SECURITIES ASSOCIATION
MEMBER OF THE HILL SAMUEL INVESTMENT SERVICES GROUP

Trilingual Graduate?

Mobility is the answer to furthering your career

If you are a Trilingual Graduate looking for a truly international career challenge and are willing to spend up to 50% of your time travelling across Europe, then Europool can help you.

Our client, a French based, mobile satellite communications company, is about to launch the first radio determination satellite system in Europe.

They now need bright young Managers and Assistant Managers for their commercial division to undertake product management; market planning and pricing; marketing support or international operations roles.

Preferred candidates will be fluent in three European languages including English. Pan-European marketing experience gained in the transport, informatics, telecommunications or related service industries is required, with five years experience for the management positions and at least two years for the assistants.

To request a career history form and an information pack call our International Manager, Georgina Swift quoting reference GS/B/FT

Europool
THE EUROPEAN GRADUATE RESOURCE.

Europool, Office Centre, Josef Israëlskade 48, 1072 SB Amsterdam, The Netherlands Tel No. 31-20-767056 Fax 31-20-756051

Europool – A division of MSL Group International

WEST MIDLANDS METROPOLITAN AUTHORITIES SUPERANNUATION FUND

Administered by
WOLVERHAMPTON METROPOLITAN BOROUGH COUNCIL
B.Bailey B.Sc., I.P.F.A. Director of Finance

INVESTMENT MANAGEMENT

Salary range £14,658 to £18,225

The Superannuation Fund provides the pension arrangements for local government in the West Midlands County area. A small specialist team manages both active and passive global portfolios in-house which are valued at over £1,500 millions. Opportunities currently exist at assistant manager level for both UK and overseas quoted equity portfolios.

Applicants with appropriate commercial or professional skills are required to contribute to the continuing successful management of these portfolios. a financial background and a degree qualificiation will be an advantage.

The appropriate starting salary will be selected from the range £14,658 to £18,225 depending on experience and qualifications. Application forms are available from the Investment Manager, Finance Department, Civic Centre, St Peter's Square, Wolverhampton WV1 1RL or be telephoning 0902 312089. The closing date for applications is 22nd June 1990.

Wolverhampton Metropolitan Borough Council is an equal opportunities employer and a member of the Investment Management Regulatory Organisation.

PUTTING EQUAL OPPORTUNITIES *INTO ACTION*
WOLVERHAMPTON
METROPOLITAN BOROUGH COUNCIL

ROYAL LONDON

Fund Management

The Royal London has total assets under management of approximately £3 billion, including insurance funds, pension funds and unit trusts. As a result of continuing expansion of fund management activities, an addition is being made to the investment team.

From the outset, the successful applicant will be involved in research, stock selection and dealing, and will be expected to be able to fill a position of responsibility at an early stage. The remuneration package will be competitive, including a performance-related bonus, and prospects for rapid career advancement are excellent.

Applicants should be in their early to mid 20's and have at least an upper second class degree. A keen interest in international affairs and good interpersonal skills are essential.

If you are interested, please write enclosing CV to:

M. J. Yardley, F.I.A., Investment Manager,
The Royal London,
Mercury House, Triton Court,
14 Finsbury Square, LONDON EC2A 1DP.

TOYO TRUST INTERNATIONAL LIMITED

Toyo Trust International Limited is a leading underwriter in the Euro-yen bond market. We have creatively structured numerous facilities for borrowers worldwide and our inventive financial engineering techniques deliver value added products to major institutional investors.

'Applying inventive financial engineering techniques'

Capital Markets Specialist

We are seeking an additional Capital Markets Specialist to join the new issue/financial engineering team.

The ideal candidate is likely to be a well-qualified graduate aged 25 to 35 and currently employed in the corporate finance or structured finance department of a major international investment bank.

Applications would also be welcome from specialists in other areas who have a strong mathematical background, a creative mind and an interest in applying this to sophisticated financial structures.

He or she will be experienced in the use of swaps and options and would have a working knowledge of the activities of Japanese institutional investors.

A competitive salary, including bonus, is offered plus the usual banking benefits.

All applications will be treated in the strictest confidence.

Please write enclosing full CV to:

Mrs S. Paterson
Associate Director, New Issues
Toyo Trust International Limited
36 Queen Street, London EC4R 1BN
Member of TSA and IMRO

TOYO TRUST

Jonathan Wren Executive

"Wide Variety of corporate banking products?"

CORPORATE MARKETING OFFICERS

£25-£45,000 + car + benefits!

Leading European Bank requires marketing officers/managers to join an expanding, innovative and successful London team. Candidates should have an excellent degree, more than two years experience marketing to UK corporates probably gained in an international banking environment. They should possess awareness and knowledge of a wide range of corporate/commercial banking products and experience of more complex, structured financing proposals. If you have strong credit background, are aged between 26-33 and seek to join an innovative team, apply in strictest confidence.

Please contact Ron Bradley or Richard Meredith on 071-623 1266
or send cv by mail or fax on: 071-626 5258

MARKETING OFFICER

£25-£40,000

The London office of a European Bank wishes to recruit a banker with experience of marketing banking products to other banks, brokers and insurance companies in London. The ideal person will be aged between 25 and 32, speak a major European language, and qualified as a graduate and/or ACIB. Experience will have been gained working for an international or Merchant bank selling a comprehensive range of banking services to other financial institutions. This position will report directly to the head of the London operation and, as part of a team, will expand the bank's presence in the International financial markets.

Please contact Norma Given or Richard Meredith on 071-623 1266
or send cv by mail or fax on: 071-626 5258

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 071-623 1266 Fax: 071-626 5258

French Equity Sales Executive and Graduate Opportunities in London

Crédit Commercial de France (CCF), the European Banking Group headquartered in Paris, is expanding its French Equity Team in London. As a result we have opportunities for at least two self-motivated, bright candidates who have a reasonable fluency in French.

French Equity Sales Executive

The ideal candidate should have at least 2 or 3 years experience in European or UK Equities. The successful candidate will join an experienced French Equity Team servicing UK based clients.

Graduate Opportunities

We are also looking for graduates with a degree in business studies or equivalent to work with CCF's French Equity Team in London.

Competitive salary packages will be offered to successful candidates. Please write in confidence to James Hepworth enclosing a full C.V.

CCF

Credit Commercial de France (UK) Ltd.,
27 Finsbury Square, London EC2A 1LP. 071-628 1111.

WE CAN TELL YOU WHAT YOU CAN DO!

Our tests of aptitude and interests reveal your strengths, and which career will give you most satisfaction. Find out at any age what you really can do.

Free brochure.

CAREER ANALYSTS
90 Gloucester Place, W1.
071-935 5452 (24 hrs).

STOCKBROKING OPPORTUNITY

Stock Exchange Member operating in an Associate role with a City based firm seeks an Assistant. The business is orientated towards Private Clients.

The successful applicant will probably be in this or her early 20's and will have already qualified as a Registered Representative. The transfer of some existing *private accounts would be beneficial but an ability to service the well-established* business is essential.

In the first instance please send a C.V. to:-

J.B. Scrivener, Esq., Chetwynd Scrivener Limited,
1 Hare Place, 47 Fleet Street, London EC4Y 1BJ

Any applications from the Advertiser's firm will be returned by Chetwynd Scrivener Limited unforwarded.

CREDIT MANAGER

Based City c £35,000 + car + banking benefits

Our client, an authorised UK bank and a wholly owned subsidiary of a successful overseas financial services group, provides a wide range of commercial banking services to clients in both the UK and overseas.

Having quickly established a reputation in the domestic and overseas markets, it has additionally developed specialist treasury activities encompassing both interbank and corporate clients across a number of business sectors.

As an integral part of their developmental plans, and as a result of internal promotion, the organisation is keen to recruit an experienced Credit Manager as part of the existing management team.

Having already gained extensive credit experience in an established banking environment, you will be given responsibility for the control and development of a highly important function which services a wide ranging and diversified portfolio of business.

Ideally aged 30-35, of graduate calibre, with a high level of computer literacy, you should possess an energetic and dynamic approach to work coupled to a commercial understanding of banking activities.

The position offers excellent career prospects in an exciting and challenging environment in addition to an extremely attractive salary and benefits package.

Interested applicants should contact **Charles Austin**, quoting Ref: A590, at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Tel: 071-488 4114.

Credit Analyst – Berne

with people skills to match professional strengths

Swiss Volksbank is the fourth largest Bank in Switzerland and is currently developing an increased involvement in the International Banking scene. As part of a programme to enhance understanding of the UK Corporate lending area within the international forum it is intended to appoint a senior analyst within the credit team located in the Administration Headquarters in Berne.

The successful candidate will spend two/three years there before returning to London as part of the small close-knit team. Ideal candidates, preferably US Credit trained, will be in their late twenties, degree holders and have a demonstrably sound credit analysis background.

Technical skills, however, will require to be matched by the personal qualities of diplomacy, tact and people management abilities crucial to the training and education process. German and/or French speakers would attract particular interest. This is a rare career opportunity and the expatriate salary package will be tailored to meet the needs of first class candidates.

Please send full career details quoting reference H3080 to **Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF** or alternatively telephone 071-287 7007 during the working day or 0444-483216 in the evenings. FAX 071-287 2391.

CJH Codd-Johnson-Harris

Quantitative Financial Analyst

Frankfurt

Salomon Brothers, one of the world's largest international investment houses, is seeking a Quantitative Analyst with a good understanding of the financial markets, to join a worldwide team recognised as one of the largest and most versatile quantitative analysis groups.

Your responsibility will be to provide vital decision support analysis, critical to the Firm's actions in all product areas. This high profile position involves working with fellow professionals in equities, fixed income and corporate finance.

The ideal candidate will have an excellent degree in a quantitative discipline combined with an MBA or an equivalent German education. Work experience in one of the following areas would be an advantage:

- modern portfolio theory
- hedging
- financial modelling
- option valuation
- risk management
- asset securitisation
- bond portfolio analysis
- fund management.
- asset/liability management

Expertise in the use of computer-based spreadsheets is essential, as is fluency in both written and spoken German.

Preparation for this position will include extensive training at our offices in New York and London.

You will be employed by Salomon Brothers AG in Frankfurt who offer an excellent compensation package and a full range of benefits associated with a leading financial institution. Please write with a full cv to Isabel Doverty, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.

Salomon Brothers International Limited

Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.

MEMBER OF TSA

European Equity Analyst

Schroder Investment Management Limited, the fund-management subsidiary of Schroders plc, are looking for an investment analyst to join their team of ten people covering European stockmarkets. The ideal candidate will be in his or her mid- to late-twenties and will already have some work-experience in industry, the professions or finance. A University degree in Economics is essential as is the ability to participate in meetings in French and German. Candidates should be able to demonstrate analytical ability and should be familiar with company accounts.

The successful candidate will be assigned a group of quoted European companies to analyse and follow and will be expected to travel regularly to European countries to visit these companies. It is anticipated that the successful candidate will be able to demonstrate sufficient judgment not only to contribute to the team's investment decisions and to convey these ideas to others at investment committee meetings, but also to take on fund-management responsibilities within one or two years.

A fully competitive salary is offered together with an attractive range of benefits including mortgage subsidy and a generous non-contributory pension scheme. Career prospects within the Schroder Group are excellent.

Applications in writing, with full curriculum vitae, should be sent to John R. Lambert, Director of Operations, Schroder Investment Management Limited, 36 Old Jewry, London EC2R 8BS.

Schroders

CORPORATE FINANCE £ EXCELLENT EAST SCOTLAND

Issuing House with International perspective in Corporate Finance and Venture Capital seek a Senior experienced Corporate Finance Executive probably aged in his forties with a first class track record. The successful candidate is likely to reside, or wish, to return to Scotland. A newly qualified Lawyer or ACA is also required to supplement our client's team.

STRUCTURED FINANCE £27,000 + BANKING BENEFITS

Detailed analysis of LBO's and Structured Finance transactions including historical financials, securities, convenants and the preparation of cash flow projection. The successful candidate will be in their mid twenties, have worked in a reasonable banking institution for 3/4 years, be keen, personable, but not aggressive or arrogant.

All enquiries for both positions will be treated in the strictest confidence and should be addressed to:

David V. Paton
Hynes Associates Executive Search & Selection
Specialists in Corporate Finance
The International Business Centre
Wells Square
77-79 Wells Street
London W1P 3RE
Tel: 071-580-5522
Fax: 071-323-1107

Company Secretary

NORTH WEST • TO £35,000 + BENEFITS

A high level of sustained growth within our client's successful £60m group has led to the creation of this new key appointment. It provides an excellent opportunity to become closely involved with the group's nine trading companies, market leaders in the manufacture of industrial products in the UK and overseas.

Reporting to the Group Financial Controller, the successful *candidate will immediately take full responsibility for all legal and* statutory matters, insurance portfolios, pensions fund administration and properties. The emphasis will be on providing advice and support to management across the group on commercial issues and future expansion plans. Candidates will therefore be ideally aged 28-50, with an appropriate chartered secretarial or legal qualification, and relevant experience within acquisitive organisations. Good general legal knowledge must be backed by strong interpersonal skills and an energetic and hands-on approach.

The salary is negotiable according to experience and supported by an attractive range of benefits, including pension scheme, BUPA, and relocation assistance where relevant.

Interested applicants (male or female) should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1673/FT.

WICKLAND WESTCOTT

HUMAN RESOURCE CONSULTANTS

Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX. Telephone (0625) 532446

REGIONAL ECONOMIST

(Hong Kong based)

ASIAN SECURITIES GROUP

Crosby Securities, the stockbroking and investment advisory group specialising in the stockmarkets of South East Asia, seeks a regional economist, to be based in our headquarters in Hong Kong.

Your brief will be to produce economic research on counties within the region, including Hong Kong, Thailand, Korea, the Philippines, Taiwan and the People's Republic of China.

You will manage a small specialist team. The position will involve frequent travelling in the region and occasional international trips to make client presentations.

Required qualifications will include an Honours degree in economics and a minimum of three years' practical experience as an economist in an international investment or banking environment, not necessarily gained in the markets we cover.

Remuneration will be attractive by industry standards and will reflect experience and qualifications.

Please write with a detailed curriculum vitae to

MICHAEL HANSON-LAWSON
CROSBY SECURITIES (UK) LIMITED
8th FLOOR, 95 ALDWYCH
LONDON WC2B 4JF

CROSBY SECURITIES
a growing force in Asian Stockbroking

CREDIT CONTROLLER

SOUTH COAST c. £30,000 + CAR

Our client, an established financial services group with over half a million private customers, is keen to appoint a professional to its specialised management team. The key attributes in the selected candidate will be:–

- a wide experience in private, partnership and commercial credit assessment
- the ability to be a team player
- capable of contributing to strategic development at managerial level

The role is challenging with excellent potential. Please write in confidence, enclosing career details, to:

Hammond Associates
35 Hill Street London W1X 7PD

Credit Manager
c £30,000 p.a.

The UK subsidiary operation of a major international banking group has identified a new and senior position for an experienced Credit Manager to establish and develop an effective credit team. Candidates aged c35 will possess a background of proven experience and demonstrate enthusiasm for implementing a successful credit procedures programme, including staff training.

Manager — Corporate Finance
c £45,000 p.a

A major International Bank further expanding the Corporate Finance Group, seeks an additional person at a senior level to undertake development and deal analysis of leveraged, MBO/MBI, M&A funding and structured scheme deals. Candidates will require a good level of education, credit experience combining analytical/presentation skills and proven marketing ability.

Marketing Manager — UK
c £35,000 p.a

A European Bank with an expanding London branch operation seeks an addition to the marketing team for targeting the UK. Candidates aged 30-40 will be ACIB qualified and offer a background of experience in the medium-large corporate markets. The responsibilities will include business development, credit analysis and relationship management.

Credit Analyst
c £25,000 p.a.

A well established European Bank currently seeks to strengthen the credit team in London with an additional analyst. Reporting directly to the Credit Manager, suitable candidates will offer a background of approximately five years bank experience, including securities work and be currently undertaking credit analysis/risk assessment responsibilities.

For further details, please contact Frank Hoy, either by telephone or in writing.

GORDON BROWN & ASSOCIATES LTD.
RECRUITMENT CONSULTANTS

5TH FLOOR, 2 LONDON WALL BUILDINGS,
LONDON EC2M 5PP
TEL: 071-628 7601 FAX: 071-638 2738

Gordon Brown

INTERNATIONAL PORTFOLIO MANAGER

Performance Oriented

An independent global asset management company is seeking a young man or women with 2 to 7 years exposure to the investment management industry. Good educational background and developed analytical skills are required. Experience of investing in the South East Asian markets and knowledge of an oriental language would be an advantage.

Our company manages about US$ 100 million for high net worth individuals as well as a global growth fund, all on a fully discretionary basis. Investment performance to date has been excellent.

The successful candidate will work closely with the MD to formulate and execute investment decisions. Performance related bonuses form a significant part of our competitive remuneration package.

London, West End location.

Replies in confidence to Box A837, Financial Times, One Southwark Bridge, London SE1 9HL.

SWAPS SPECIALIST OPERATIONS — **£NEG + BENS**

Major House require specialist on all SWAP and Interest Rate Products for new section.

UNIT TRUST MANAGER — **c£25K + BENS**

Prestigious Investment Company seek a Manager to oversee all accounts/reports, project and administration work.

JAPANESE EQUITY SALES — **£NEG + BENS**

Experienced Salesman or Fund Managers required.

BOND MARKETING — **c£25K + BANK BENS**

To obtain mandates etc, French required for 1 role.

Call: Damian Hyndman

NICHOLSON HOLMES ASSOCIATES
77 Cannon Street, London EC4N 6HT
Telephone: 071-920 1311 (Fax 071-621 1326)

EQUITIES, FUTURES, OPTIONS

New Zealander, British citizen, 25, with experience in NZ and Australian Equities and reasonable knowledge of other markets seeks position as assistant or junior analyst, dealer, manager or other in equities, futures or options.

Phone 0494-81 3926 or write Box A842, Financial Times, One Southwark Bridge, London SE1 9HL

Financial Services - Private Clients

Specialist City-backed Essex based Co. seeks experienced part-time assistance to market attractive new product. Could suite early retiree (Stock Broker, Fund Manager etc).

Call David Beale 0621 851133.

APPOINTMENTS WANTED

INFORMATION TECHNOLOGY

Independent consultant seeks short or long term assignments.

16 years experience within the financial community.

Write Box A847, Financial Times, One Southwark Bridge, London SE1 9HL

KEMIRA FERTILISERS

Manager Management Reporting

Commencing salary to £24,000 + excellent benefits package

Nr. Chester

Kemira Fertilisers, with a turnover in excess of £130m, is a major British subsidiary of Kemira Oy of Finland, a multi-national chemicals group and Europe's second largest fertiliser manufacturer.

As a result of departmental re-organisation, a Qualified Accountant with a manufacturing background is sought. Reporting to the Financial Controller, this is a high profile role which will provide and analyse information for management to enable the effective appraisal of the financial performance of the Company and its subsidiaries. Specific duties will include the production and presentation of the monthly management and financial accounts, preparation of the operating budget, monthly cash flow forecasts and monitoring of capital projects. There will be progressive involvement in the application of packaged software in the above areas.

Ideally aged 28-40 and having been a successful 'team player, you now have developed the ability to lead and motivate a department of seven support staff to make a significant contribution to the management of the Company.

In return for your innovative, proactive approach the Company will reward you with an excellent remuneration package including an attractive relocation scheme.

In the first instance, please send a full career profile, indicating current salary and a day time telephone number to: Stephen Critchlow, Branch Manager,

Robert Armstrong & Company

Management Selection Consultants

Castle Chambers, 43 Castle Street, Liverpool L2 9TB. Telephone: 051-236 4688. Fax: 051-236 4612

Also at Manchester 061-236 0541 and Birmingham 021-233 4588

A member of BURNS-ANDERSON RECRUITMENT PLC

INTERNATIONAL RISK MANAGER

Brussels

DHL

Excellent Remuneration Package

A major player in the world's express network, our client operates in 180 countries, services over 550,000 customers per year and is ideally placed to succeed in a very competitive market.

An excellent opportunity has arisen for a quality individual to play a significant and highly visible role within the company's worldwide coordination centre in Brussels.

The position reports to the Global Deputy Finance Director and will involve the development of corporate risk philosophy, the assessment and control of risk exposures in conjunction with the regional management teams and the growth of the corporate profile of Risk Management within the company.

Candidates will most likely be in their thirties, with a professional accounting qualification. International commercial experience and some exposure to risk management will also be important.

Strong management and communication skills as well as the ability to conduct negotiations are necessary to succeed in this job.

Fluency in English and proficiency in another European language is desirable.

The salary and benefits package is negotiable and will not present a problem for the successful candidate, who will find that further career opportunities in the group are indeed impressive.

Interested applicants should apply to Paul Cashman on (010) 322 648 4747 or write to him enclosing career details, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Avenue Louise 512, Box 3, 1050 Brussels

Tel: (010) 322 648 4747

UNIMATIC ENGINEERS LTD

FINANCIAL CONTROLLER

£30-35K + Attractive Benefits

THE COMPANY Substantial engineering company selling precision components and systems, and fully committed to national and international growth.

THE CANDIDATE The successful candidate will be a graduate accountant with experience of all aspects of financial management. He/she will be an independent self-starter, used to a "hands on" approach, with a sound understanding of systems.

THE ROLE Reporting directly to the Managing Director, the Controller will be responsible for the financial management of the company, and a key member of the management team.

THE PACKAGE Comprises a high base salary, fully expensed company car, generous pension and private health insurance.

Interested applicants should telephone Ms Trupti Patel on 081-455 0012 or write to her, enclosing a detailed CV, at Unimatic Engineers Ltd, 122 Granville Road, London NW2 2LN.

For Recently Qualified Accountants, a strategic challenge in financial management

£22K – £25K + Car, Bonus & Concessionary Mortgage
Northampton

Nationwide Anglia Building Society is a formidable force in the financial services market place. In the last few years we've been quick on our feet in capitalising on the new opportunities of the deregulated era.

We're now implementing a new strategy for financial management in which each major business area will have its own dedicated team. *And* we're strengthening our accounting teams to support our continued growth and diversification.

Located at our Administrative Centre in Northampton, these are perfect opportunities for ambitious, recently qualified Management and Financial Accountants who would relish the chance to shape the strategies, policies and systems controls of the future.

People who would like a move to an organisation where there is room for innovation, scope for ideas and plenty of greenfield challenges.

Our salaries are matched by a benefits package which includes a concessionary mortgage, bonus scheme, fully expensed car and relocation expenses if necessary.

Please send your CV (including current salary details) and quoting reference FT 14/6, to
Richard Wharton,
Personnel Administration Manager,
Nationwide Anglia Building Society,
Chesterfield House, Bloomsbury Way,
London WC1V 6PW.

Nationwide Anglia Building Society

Nationwide Anglia is an equal opportunities employer.

BBC BBC BBC

Chief Accountant

BBC News & Current Affairs

BBC News and Current Affairs is seeking a Chief Accountant to replace Clive Timms, who is leaving to become ITN's Director of Finance.

News and Current Affairs is responsible for over 100 hours a week of programming on BBC TV and Radio. Its output includes programmes like *Panorama*, the 9 O'Clock News, and Radio 4's *Today* programme. The directorate has an annual budget in excess of £100m and employs more than 2,000 people.

The Chief Accountant, as Head of the Finance department with a staff of 50, is a key member of the News and Current Affairs senior management team, responsible for capital and revenue budgets and for a demanding programme of efficiency targets and is also expected to contribute to a wide range of management issues.

Candidates should be professionally qualified accountants with a suitably successful career development to date and proven general managerial skills. They may come from either a private or public sector background. Age is unimportant, but they will need to fit into a lively and fast moving management atmosphere.

Salary negotiable from £40,000 p. a. plus car and private health insurance.

Please forward curriculum vitae (quote ref. 7268/F) to Jo Marsh, Chief Personnel Officer, BBC News and Current Affairs, Room 3336, Television Centre, Wood Lane, London W12 7RJ (081-576 7879) to arrive by Tuesday, June 26th.

WE ARE AN EQUAL OPPORTUNITIES EMPLOYER

BANKING FINANCE AND GENERAL

Options and Futures Exchange Manager (Executive)

Central Europe

The setting up of an Options & Futures exchange is a real challenge for an experienced young professional. With the participation of banks and an international systemhouse an Options & Fututes exchange will be launched. We seek the exceptionally bright pioneer in charge of the business development and definition of the corporate strategy, who co-ordinates the participating partners and organizes the entire promotion and marketing in order to run the exchange.

For this new appointment we require well-developed knowledge of the financial services sector and a clear understanding of financial products and innovations. In addition we expect proven management qualifications with a broad international background. This high profile role offers clear opportunities for an executive with excellent knowledge of both English and German. We invite creative and dynamic candidates interested in this attractive start-up opportunity in a European captial to contact our consultant for further details.

Odgers & CO Ltd., GB- London, W1X 3TD,
One Old Bond Street
Tel: Nr, 071-499 8811
Ref Nr. 8456

MARKETING MANAGER INTERNATIONAL BANKING BIRMINGHAM

C £30,000

+ BONUS + CAR + FULL BANKING BENEFITS +

A leading International Bank with a substantial presence in the U.K. seeks to appoint a Senior Banker to the above position. Based in Birmingham, the responsibilities of the post will be the development and maintenance of relationships with medium-to-large U.K. corporates throughout the Midlands region.

Candidates (aged 27-35) should be self-motivated, career orientated individuals, graduates or of graduate calibre who possess 3+ years experience in a Corporate Banking environment including credit training and marketing

Previous work experience in the Birmingham/Midlands area is essential.

Salary is negotiable around the quoted figure and the comprehensive range of benefits includes a generous mortgage subsidy. Relocation expenses, where applicable, will be met.

TO APPLY FOR THIS POSITION, PLEASE CONTACT, BY TELEPHONE OR LETTER, ROD JORDAN (DIRECTOR)

CAREER PERSONNEL LIMITED

48 CORNHILL, LONDON EC3V 3PD. TELEPHONE 071 929 0909. FACSIMILE 071 626 4906

THE BLOOMSBURY GROUP

JAPANESE WARRANTS/EMERGING MARKETS INSTITUTIONAL SALES

SINGAPORE & AMSTERDAM *OTE £100,000*

Our Client

• Highly successful • Specialist boutique • Based in Amsterdam • Office in Singapore • Concentrating on Far East emerging markets and Japanese Warrants and equities.

Their Requirement

• Salespeople with several years' experience of these markets • A strong client base in Europe or Asia • Confident and conscientious personalities • Ambitious and reward-orientated.

Remuneration

• High basic salary; High Commission.

For a confidential discussion, please contact Stuart Clifford or Christopher Lawless on 071-831 9988 (or 071-834 1832 evenings/weekends) or write to The Bloomsbury Group, 11th Floor, New Oxford House, 137 High Holborn, London WC1V 6PL.

EXECUTIVE · SEARCH · & · SELECTION · CONSULTANTS

ACCOUNTANCY COLUMN

Standards board takes on frightening legacy

By David Waller

AN IMPORTANT date in the history of accountancy looms: at the end of next month, the Accounting Standards Committee will pass away, to be replaced by the Financial Reporting Council. Prepare yourself now, because it is inevitable that many obituaries will be written to celebrate the 20-year-old institution's achievements in improving the quality of financial reporting in the UK.

Finance directors will no doubt read with something approaching nostalgia the tale of the ASC's early years and its marathon squabble with industry over inflation accounting. But, they may reflect, the ASC's influence will live on beyond the grave, in a way that may not be regarded as benign by the more creative finance executives.

The ASC will leave behind a raft of exposure drafts put together in its twilight months. They cover subjects as varied as accounting for intangibles and off-balance-sheet items and may even cover segmental reporting – a topic that sounds innocuous but disturbs those finance directors with an aversion to giving the stock market understandable information.

The Accounting Standards Board – the standards-setting powerhouse in the new FRC structure – is not obliged to pay any heed to the work done by its predecessor. But there is a worry that it might.

Potentially the most frightening legacy is the ASC's 47th Exposure Draft, the one dealing with accounting for goodwill.

The kernel of the ASC's thinking on the issue is that companies should have to capitalise the stuff on their balance sheet and subsequently write it off against profits. That was in circulation a year ago. The draft itself came out at the beginning of February. Since then, it has been vilified by the accountancy profession and denounced by corporate Britain.

It is difficult to think of a single accountancy firm, small, medium or large, that has come out in unqualified support of the proposals. That is perhaps not surprising, given the attitudes of their clients. A fortnight ago, the 100 Group of the UK's top finance directors denounced the proposals for their rigidity, said they did not reflect commercial reality and claimed that if implemented they were likely to give shareholders a "false view of the company's state of affairs."

The goodwill issue presents a formidable diplomatic challenge for the first ASB chairman

A forceful reminder of the UK's isolation on this score will come next week at the meeting of the International Accounting Standards Committee in Paris. The IASC is likely to issue a statement of intent over E32, its project to make financial statements more comparable by eliminating options. It is very likely to recommend abolishing the freedom to write off goodwill against reserves, thereby requiring companies to capitalise it and amortise it against profits.

So the goodwill issue presents a tough diplomatic challenge for Professor David Tweedie, the KPMG Peat Marwick McLintock technical partner who is to be the first ASB chairman – the more so given the UK profession's desire to extend its influence throughout continental Europe ahead of 1992. The ambition may be hard to fulfil if the UK is seen as recalcitrant over accounting standards.

In submissions to the ASC, many finance directors and accountancy firms have said they would not mind being obliged to put goodwill on the balance sheet, so long as they did not have to write it off against profits. They would then review the capitalised figure yearly and make adjustments via the P&L account as and when a permanent deterioration in value could be detected. The objection to that pragmatic solution is that it is against UK company law as derived from EC directives.

So what can Prof Tweedie do? He could implement ED47 without any changes, thereby riding roughshod over the views of corporate Britain and the accountancy profession. He is unlikely to do so for two reasons.

First, he is consensus-minded and will not want to alienate all those with an interest in good financial reporting by adopting such a massively confrontational stance. Second, Prof Tweedie is opposes ED47: he spearheaded the attack against the ASC in this column last December, long before he was appointed to his new position at the ASB.

Another option is that the ASB chairman could do as little as possible, as slowly as possible, by ordering a complete reappraisal of the knotty issue of accounting for goodwill. Such a course of action could easily be justified: as a sensitive standards-setter, Prof Tweedie could just say that he wanted to take account of the views of companies and accountants.

The difficulty with that stance would be that it might send the wrong signals to finance directors, suggesting that the ASB is industry's poodle, reluctant to stand up to an aggressive lobbying campaign.

Sir Peter Thompson, chairman of British & Commonwealth Holdings, told creditors days before the group was put into the hands of administrators that they faced a choice between "muck or nettles." It could be muck or nettles ahead for Prof Tweedie.

****

LAST WEEK, the UK's absurdly fragmented accountancy profession failed to rationalise itself for the second time in a year.

Twelve months ago, the Scots chartered accountants could not summon up the courage to jump into bed with the English and Welsh chartered accountants (ICAEW): this time round, the English and Welsh failed to merge with the Chartered Institute for Public Finance and Accountancy (CIPFA).

To be fair, the ICAEW council did manage to get its proposals for Training Outside Public Practice past its members, and only lost the CIPFA vote on the narrowest of margins (61.1 per cent in favour, against the two-thirds majority required under the institute's antiquated by-laws).

Accountants in the big firms – perhaps those who did not bother to vote – may take last week's vote as another example of the total irrelevance of the professional bodies to business life today.

The proliferation of institutes in the UK gives Brussels plenty of opportunities for "divide and rule" tactics when fending off what officials may view as the laissez-faire Anglo-Saxon approach to accounting and auditing. The big firms have a vested interest in the continued survival of the laissez-faire Anglo-Saxon approach.

However, the Big Six should not abandon support for the professional bodies: they should bear in mind that earlier this year, the ICAEW quietly did them a big favour by introducing a revamped syllabus for the professional exams.

As from spring 1993, the emphasis of the exams will be changed somewhat. Irrelevant bits of the syllabus will be dropped and there will be a new emphasis on acquiring business skills rather than just rote learning.

That might make the chartered accountants' qualification even more desirable than it is now, which will help the big firms with their recruitment in the mid-1990s when the supply of graduates is projected to be much diminished. For that, the firms must thank Mr Andrew Colquhoun, the ICAEW's former head of training who last week was appointed the successor to Mr John Warne as the institute's secretary and chief executive.

*****

SOME errors crept into last week's table of accountants' results for 1989-90. As a result, the table will be reprinted in a corrected form in a future column.

ACCOUNTANCY APPOINTMENTS

Treasurer

International Information Systems

c £50,000 + Excellent Benefits — London

A strategic level treasury management opportunity with a critical international risk management dimension.

THE COMPANY
◇ Leading multi-national IT business. A major force in its markets.
◇ £1billion plus turnover with operations throughout the world.

THE POSITION
◇ Lead small independent treasury team handling funding, leasing, FX, cash forecasting and management.
◇ Major planning and policy role with emphasis on interest and currency risk management. Report directly to FD.

QUALIFICATIONS
◇ Graduate, ACT, aged 30's with broad international Treasury experience.
◇ Probably now Treasurer of a small plc or Assistant Treasurer in a £500m plus Group.
◇ A dynamic self-starter with evident potential to advance to the highest level.

Please apply in writing, enclosing full cv, Reference BJ2407
NBS, Bennetts Court, 6 Bennetts Hill, Birmingham, B2 5ST
(Interviews in London)

SELECTION

BIRMINGHAM • 021-233 4656
LONDON • 071-493 6392 • MANCHESTER • 061-905 1458 • SLOUGH • 0753 694844
GLASGOW • 041-204 4334 • HONG KONG • (HK) 5.217133

Regional Finance Controller

International Service Company

c£50,000 plus share options, car & expatriate benefits : Hong Kong

With Group turnover in excess of £150 million, this major London-based international service company has extensive operations throughout Europe, North America and the Far East. Rapid and successful growth has now created this opportunity to join the Group's Asia Pacific office, located in Hong Kong.

Reporting to the Regional Chief Executive, you will be responsible for integrating existing local and newly acquired companies into the Group's financial and reporting procedures and assisting in the achievement of Group objectives. You will be working with competent, demanding entrepreneurial people and so tact and diplomacy are essential. The position involves considerable travel in the region, including Australia. Career opportunities are excellent.

Probably aged 30-35, you must be a qualified accountant with a successful record in a major commercial company preferably with Asia Pacific subsidiaries. Experience of working in Hong Kong or Singapore would be an advantage. A team player, you must be able to fit in with the many nationalities and personalities within group companies in the region.

Salary package for negotiation, as indicated, and will include relocation costs.

Please send details of full career and current remuneration - in confidence - to Jim Ranger, MSL International (UK) Limited, 32 Aybrook Street, London W1M 3JL quoting ref. FT 2137.

MSL International

Financial Director

M4 Corridor, £45,000, Car, Substantial Bonus And Share Options

This is an outstanding opportunity to play a major strategic role in the management of a £140m turnover company (plc), part of a large and well known European Group. Reporting to the Group Managing Director you will be expected to fulfil the normal duties of a company Finance Director – mergers and acquisitions, tax, legal, secretarial and insurance and also to provide financial help and guidance to three devolved operating divisions. A very active participation in the key business and strategic decisions of the company is required. Professionally qualified, in the age range 30-45, you should have direct experience of a strategic role at the top level of a business and at least five years' financial management experience preferably in an international group. Although not essential some consulting experience within one of the leading financial consultancies would be an advantage. Most importantly you must have the stature, personality, drive and commitment to join a team dedicated to the success and long term growth of this company. This is a career development appointment which will open up opportunities in General Management in Europe.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *G.J. Deakin*, Hoggett Bowers plc, *13 Frederick Road, Edgbaston*, BIRMINGHAM, *B15 1JD*, 021-455 7575, Fax: 021-454 2338, *quoting Ref: B18166/FT*.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

DIRECTOR OF FINANCE AND ADMINISTRATION

Major Legal Practice - Leeds — Package to £60,000

A long established, rapidly expanding and highly successful firm of solicitors based in Leeds requires a director of finance and administration. As one of the largest practices in Leeds city, the partners believe that commercial awareness plays an integral part in their own affairs as well as those of their clients.

The firm actively promotes the excellence of its services and candidates should be of sufficient self-confidence and stature to augment this effort. An impeccable and progressive career path to date will underpin the technically exacting requirements of the job. Key personal skills will be diplomacy, the ability to communicate effectively with subordinates and peers and a commitment to hard work.

Candidates should be qualified accountants, probably chartered, with a degree level education. Aged 40+, you will have progressed well in your chosen career to date and be capable of initiating, developing and enhancing control and monitoring systems as well as dealing with day to day operating matters.

This position is of key importance to the firm and candidates will be selected for their maturity, inter-personal and presentational skills.

Applicants for this challenging position should apply to David Adrian, quoting reference L/1029 and enclosing a full CV.

KPMG Peat Marwick Selection & Search
City Square House, 7 Wellington Street, Leeds LS1 4DW.

FINANCE MANAGER

SOUTH HERTS

c £40,000 PACKAGE + EXECUTIVE CAR

In the space of just 10 years, Epson UK Limited has grown from an embryonic sales office to a mature, marketing-led organisation generating a turnover in excess of £100m. This growth will continue to be based on sound long-term planning supported by a fully developed infrastructure.

As Finance Manager you will work closely with the senior management team, and the Board, assisting in achieving a variety of commercial objectives, as Epson UK Limited develops its future into PCs and strategic business units.

Reporting to the Director of Finance, and supervising 16 staff, your main responsibilities will include:

- Managing the preparation of annual corporate long-term plans and budgets.
- Reviewing financial results and reporting to executive management, making recommendations to improve efficiency.
- Contributing to decisions on price, customer discounts, tenders and generally enhancing company performance.

Epson UK Limited operates autonomously, which provides opportunities for creativity. You will, therefore, need a high degree of self-sufficiency; combined with excellent influencing skills to achieve a level of consensus in a friendly team environment. As a qualified Accountant your soundly based commercial experience ideally includes dealing with the import/export of high-value stocks.

Increasingly the company will be pursuing pan-European policies and programmes, and with operations already in Germany, France, Italy and Spain success in this role can only lead to excellent promotion prospects.

If you are interested in this opportunity telephone Neil Jury or Andrew Cook during working hours on the number below (evenings and weekends 0487 841804). Alternatively, send a full CV with covering letter to the following address. Ref. NDJ/32
Resource Selection, FREEPOST, 36-40 Liverpool Road, Luton, Beds. LU1 1YX.
Telephone Number: 0582 422472. Fax Number: 0582 415868

EPSON

Financial Director/Company Secretary

Asia Pacific Region

Hong Kong base
To £50,000 plus exceptional benefits

The Acer Group is a highly respected, international engineering consultancy giving advice to clients to help them plan, build and renovate over a wide range of engineering activities, including water, transport and communication and building services.

The group is particularly strong in the Far East, the Region currently being controlled from Hong Kong and covering Australasia, Singapore, Thailand, Malaysia and Indonesia.

A Financial Director is now required to report to the Chief Executive Asia Pacific and to take total control of all financial, company secretarial and administrative matters for the region. A blend of first class technical and management skills is, therefore, essential.

The position calls for a Chartered Accountant, trained with one of the major UK practices. The successful candidate will have gained considerable commercial expertise since qualification, ideally in the construction industry. Previous experience of working overseas would also be an advantage.

Strength of character and the ability to deal effectively with colleagues and external advisors in both work and social environments is regarded as being highly important.

The position offers the potential for considerable personal growth within the group and is an exceptional career move for the right person. The comprehensive package includes house, car with driver, children's education and full medical cover. Regular flights to the UK and accommodation will also be paid.

Candidates should write including full career and salary details, quoting reference MCS/8892 to:
Jim Mitchell
Executive Selection Division
Price Waterhouse
Management Consultants
Livery House
169 Edmund Street
Birmingham B3 2JB

Price Waterhouse

NORTH WEST — to £40,000+BONUS+CAR

Finance Director

This privately owned and profitable group of companies has a turnover approaching £30m through some 35 retail and cash-and-carry outlets. The rapid growth in recent years continues in the longer term plans of the business.

The founder of the company has been the driving force in the development and diversification of its activities. The role of the Finance Director will be to work very closely with him in the planning and implementation of strategic objectives, whilst retaining hands on responsibility for the financial management of the group. Key tasks include the development of financial plans to fund the continued expansion of the business and implementation of appropriate financial and management information systems to manage this process.

As a qualified accountant in your thirties or early forties, you will have operated at finance director or equivalent in a rapidly growing business. You will have proven skills in business systems development, a well developed commercial awareness and a practical approach to financial management. Experience in the retail sector would be an advantage.

Please send full personal and career details, including *current remuneration level and daytime telephone* number, in confidence to Peter Jones, Coopers & Lybrand Deloitte Executive Resourcing Ltd, Abacus Court, 6 Minshull Street, Manchester, M1 3ED, quoting reference P196 on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

Management Buy-In/Entrepreneurial Environment

FINANCE DIRECTOR DESIGNATE

This recent Management Buy-In, which is supported by some highly respected names from the Finance world, is looking to achieve a substantial, but realistic, growth from its first year's turnover of c£6m to £15m in its third year. This growth will initially be generated organically, but the organisation is also actively pursuing an aggressive acquisition policy.

The Finance Director Designate, reports to the Chairman, and will be responsible for:

- provision of financial analysis on reported numbers and current business scenario
- contribution to the operational efficiency of the business through the provision of advice and recommendations
- development of systems to ensure that as the company grows rapidly so does its financial controls and reporting
- active involvement in the assessment of and negotiation with potential acquisitions and investment opportunities.

Additionally, you will be responsible for the finance function (7 staff), which is run on a day to day basis by a Financial Manager. Current financial control and reporting accuracy and deadlines are all of a high standard.

In order to perform and develop the above role, you will be a Qualified Accountant with commercial experience. In this dynamic environment the personal qualities of maturity, credibility and adaptability are crucial. Finally, it is essential that you are able to adopt a 'shirt-sleeves' approach, in addition to taking the wider financial overview.

If you are interested in discussing the above further please telephone Karen Wilson on 071-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

North London/Herts
Age 27-33
£33-37,000 p.a.
+ Bonus
+ F.E. Car

FMS

FINANCE DIRECTOR

International manufacturing/marketing group

Berkshire **c.£50,000+usual benefits**

Our client is a medium-sized group involved in the design, manufacture and marketing of capital plant involving advanced technology to world markets. The role encompasses all aspects of financial strategy and policy, with a strong emphasis on control of manufacturing/commercial operations, including the administration and operation of subsidiary companies. The person appointed will work closely with the Chief Executive and Directors at both Group and operating company levels.

An experienced qualified accountant is thus sought for this influential appointment. The company has well established computerised systems. Management of IT falls within the brief and candidates therefore need to be thoroughly conversant and have experience of developing systems for a design/manufacturing/marketing environment.

Strong management skills allied to commercial awareness are considered essential to ensure that the finance function provides the analysis and guidance to enhance the continued development of a successful and profitable business. There are also excellent opportunities for promotion.

Please write to Mike Smith, with full personal, career and salary details and quoting ref: JUS/70.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

FINANCE DIRECTOR

Chemical Manufacturing Co.

c. £37,500 + Car North Kent

An influential position where you will be part of the management team responsible for the operation, development, and direction of Dussek Campbell Europe, a company with a turnover of £23m – a successful part of the Speciality Chemicals Division of the Burmah Oil Plc.

This is a diverse role which involves: effective financial management of the company through sound accounting and control procedures; preparation of management accounts and reports; and provision of integrated business and finance control systems. You will also act as Company Secretary and be responsible for insurance matters. As Finance Director, you will head up a professional team with full responsibility for its development, performance and motivation.

The Company has a substantial commitment to enhance the IBM36-based EDP system used for business and financial control. You should, therefore, be familiar with using this system and have a successful record of systems design, installation and development.

You will be a member of an internationally recognised accounting body (e.g. CIMA) with post qualification experience in the process manufacturing industry.

We offer a competitive remuneration package, including the benefits you would expect for a position at this level.

Please write enclosing a c.v. or telephone for an application form to Mrs Jane Read, Personnel Adviser, Burmah Speciality Chemicals Limited, Burmah House, Pipers Way, Swindon, Wilts SN3 1RE. Telephone: 0793 486831.

Dussek Campbell

BURMAH SPECIALITY CHEMICALS

Financial Controller

N.W. London **c£28,000 + FX Car + Benefits**

Our client is a prominent and growing force in a high street retailing niche market. The Group currently has turnover in excess of £5 million with plans to double this within the next year to eighteen months, both by acquisition and via new site openings.

Our client seeks to appoint a Financial Controller to take full control of all aspects of the accounting functions of the various Group companies.

Reporting to the Managing Director of the Group, the Financial Controller will be responsible for the supervision, control and strengthening of a small accounting team, whilst having overall responsibility for the Group's financial, statutory and management accounts. Additional responsibilities will include the understanding, control and refinement of the Group's computerised network system together with assuming overall responsibility for the Group's company secretarial requirements.

The successful candidate will be a qualified accountant, aged 22-33 years old and is likely to have had at least two years post qualification experience in a demanding commercial environment. Previous retail experience whilst useful, is not a prerequisite.

Candidates must possess a keen commercial awareness, coupled with the desire and ability to succeed in a demanding and dynamic environment. The ability to fit quickly into a small team and to assume responsibility quickly and effectively is also essential.

Interested applicants should contact Mike McLaren, BSc ACA, at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH or alternatively fax their details on 071-831 2612.

MP

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Appointments Advertising

appears every **Wednesday Thursday and Friday** (International Edition only)

For further information please call:
071-873 3000

Jennifer Hudson
ext 3607

Richard Huggins
ext 3460

Stuart Maddock
ext 3392

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Senior Operations Accountant

City to £35,000 + banking benefits

Our client is an established and highly successful Investment Bank which is expanding rapidly. As a direct result of their continuing growth, they have identified the need for a Senior Operations Accountant to be based in their London Head Office.

The role will be diverse and will involve responsibility for the management and development of their complex computerised management and financial accounting systems in conjunction with overall responsibility for the UK Service Company and its related functions.

Candidates must be qualified accountants and highly computer literate, with proven management skills within a large corporate organisation. Ideally they should be aged between 28 and 35 years, and have a genuine interest in the securities industry. Prospects are excellent for the right person.

Interested candidates who meet these criteria should send a comprehensive CV including current salary and a daytime telephone number quoting reference number LM216 to. Carol Jardine. Spicers Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

European Financial Controller

Hertfordshire c£40,000 + car

A U.S. manufacturer of computer based systems with annual turnover of approximately $45 million is about to re-structure its European sales and distribution operation. A key element of this strategy is the establishment of its European headquarters in the UK.

As a result our client seeks to appoint a European Financial Controller, to be based in the UK, who will spend approximately twenty five per cent of the time travelling in Western Europe. Reporting to the Chief Financial Officer in the U.S., you will be responsible for the provision of all financial and management information, requiring the implementation of accounting systems, particularly for inventory control and treasury management. You will take a leading part in the development of our client's ambitious expansion plans.

To be considered for this challenging and important appointment you will be a fully qualified accountant with a demonstrable track record of achievement in a sales-driven distribution environment. Experience of international accounting, especially within an American organisation, would be distinctly advantageous. Commercial awareness is mandatory. In return for excellent achievement in managing the European financial operation our client will offer a first class remuneration package and the opportunity to take your career forward in a European context.

Please reply in confidence, quoting reference SP 250 to Sue Price, adviser to our client, giving concise career, salary and personal details at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

Ernst & Young

SEARCH AND SELECTION

Touche Ross

FINANCIAL MANAGER

LONDON **c.£38,000**

This new appointment arises in a leading retail group with over 100 UK outlets. Well established and soundly financed, the group has maintained a firm commitment to a strategy of long term expansion, the success of which has been evidenced by sustained growth over the years.

The position of Financial Manager has been created to provide improved information to management for decision making purposes. Controlling 35 staff, the successful candidate will be expected not only to oversee mainstream financial accounting functions but also to develop management reporting, making optimum use of computerised systems.

Applicants should be qualified accountants in their thirties or early forties who combine relevant experience in a fast moving, marketing led business sector with a proven ability to manage people. Essential personal qualities include a creative approach, discretion, loyalty and a positive but sensitive attitude towards the continuous process of change necessary in business today.

If this combination of immediate challenges and long-term career prospects appeals to you, please send full career details, together with current salary and day-time telephone number, quoting ref: 3136, to Neil Cameron, Executive Selection Division.

MANAGEMENT CONSULTANTS 5th Floor, 52/54 High Holborn, London WC1V 6RL Telephone: 071-353 7361

Finance Director

Hertfordshire *To £45,000 + Car + Bonus*

The Client

Our client is an expanding £26 million turnover subsidiary of an acquisitive international PLC. They operate in the dynamic FMCG sector with a range of branded products which are recognised as market leaders and are established household names in their own right. Due to continuing growth they now seek to appoint a commercially minded F.D. to manage the company's expansion.

The Person

Aged 33 to 38, applicants will ideally be graduate, pro-active, qualified accountants with a 'hands on' management style who must be able to demonstrate a first class record of achievement and possess well developed interpersonal and commercial skills. Experience of operating at a senior level, exposure to 'state of the art' systems and strict financial disciplines/procedures in a fast moving manufacturing environment are regarded as pre-requisites.

The Position

Reporting directly to the Managing Director, the successful applicant will have total responsibility for the day to day financial management of the business together with significant input into the commercial decision making and strategic planning processes. This will involve control of working capital, installation of a new integrated computer system, formulation and implementation of business plans and forecasts, product/customer profitability, product pricing and the provision of management information for both company and group purposes.

The Rewards

The salary package indicates the commitment of our client to attract only exceptional candidates. It will include those benefits normally associated with a progressive international organisation including relocation expenses where necessary. Promotion prospects are excellent.

Interested candidates should contact Nick Stephens on 021-233 4450 (during office hours) or on 021-445 5055 (evenings and weekends). Alternatively write enclosing a comprehensive CV to the address shown.

Nicholas Andrews
The Midlands Specialists in Financial Recruitment

Nicholas Andrews, 126 Colmore Row, Birmingham B3 3AP. Fax: 021-236 5350

YOUNG FINANCIAL CONTROLLER

To lead a team bringing financial discipline to successful and growing manufacturing operation

c.£27,500, bonus + car **Kent**

A recent acquisition by a major manufacturing group, our client company has a great deal to do to bring its financial and management information systems both up to date and in line with corporate standards. A newly appointed professional team is reacting to this challenge with enthusiasm, modernising attitudes and systems to ensure that management is provided with the fast, accurate and relevant information which is the heartbeat of every manufacturing operation and its decision making process. This team has been led to date by the Finance Director, but the time is now ripe for the appointment of a young Financial Controller to take direct responsibility for the operation, while the FD concentrates on strategic issues. At this time of change and rapid growth, the responsibilities offer the perfect opportunity for a qualified accountant (probably but not inevitably CIMA) on the way up to make a mark. Ideal candidates, in their late twenties, will already be experienced in the full spectrum of financial control in a production operation. It's a job not for a number cruncher, but for a leader, who is thoroughly at home in the cut and thrust of a manufacturing-led business and who has the inter-personal skills to sell the benefits of a properly run finance function to line management. Please send full career details, quoting reference WE 0102, to Robin Davies, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL. Tel: 071-439 4581.

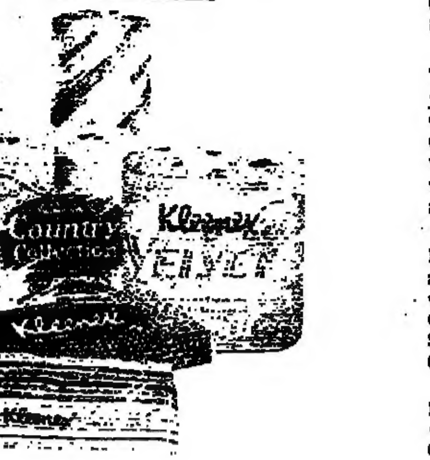
WARD EXECUTIVE
LIMITED
Executive Search & Selection

Kimberly-Clark

Unique Internal Consultancy Opportunity

c.£25,000 + Car + Bonus

Rural Kent



The chance to establish an internal audit function in a multi-national company.

Kimberly-Clark is a major figure in consumer and industrial product markets, with famous brand names such as Kleenex for Men* and Simplicity*. Feminine Hygiene Products, and with a combined turnover in Europe of $640 million.

The opportunity now exists for a qualified accountant to join the European Finance Team, to review and determine the internal audit needs of our UK and European operations. Experience of audit, either in the profession or in industry, is essential.

To be successful in this high-profile role, you must be a self-starter with highly developed communication skills. The opportunities for further advancement within Kimberly-Clark are excellent and a very generous relocation package is available.

If you wish to be considered for this appointment, please write, enclosing a C.V. with details of current remuneration, to **Cathy Casey, Aqua House, 24 Old Steine, Brighton BN1 1EL. Telephone (0273) 571490. Fax (0273) 571495.**

Kimberly-Clark is an equal opportunity employer.
*Registered Trademark of the Kimberly-Clark Corporation.

BADENOCH & CLARK
recruitment specialists

PQE

+ 1 2 ... 8 9 +

NR SWINDON c £24,000+car

Company Accountant

Recently acquired by a blue chip plc, this £10m t/o business requires a competent 'all-rounder' seeking a fresh challenge. The initial brief includes implementation of group systems/procedures, staff supervision, monthly management accounts, weekly estimates and assisting with commercial control of this independent profit centre. Ref: 2816A3

Contact The Manager at 28 Northbrook Street, Newbury 0635 529066
Or the PQE Specialist advising on this appointment on 071-489 9997

W. SUSSEX £30,000+car

Controller

Multi-site technology product manufacturer, with well-developed research/sales/service functions, offers superb opportunity to manage highly developed management accounting operation and inject new ideas into systems development and product profitability analysis. The company's culture would suit an ambitious professional wishing to develop skills further. Ref: 58A1224

Contact The Manager at 19 Broadwalk, Crawley 0293 547762
Or the PQE Specialist advising on this appointment on 071-489 9997

E. BERKS £27,000+car

Accounts Manager

Major financial services group seeks qualified Financial Accountant for technically orientated man-management opportunity that results from its continuing expansion. Supervising a dedicated team, you'll be controlling/reconciling data relating to the general ledger, fixed assets and accounts payable. Excellent working environment and superior benefits package. Ref: 66LJF2120

Contact The Manager at 9 Peascod Street, Windsor 0753 851447
Or the PQE Specialist advising on this appointment on 071-489 9997.

LONDON c£25,000+car

Company Accountant

Recently acquired by an American multinational, medium-sized communications company now has impressive backing with which to develop its rapidly expanding business. Build an effective team around the existing skilled staff who'll respond to tight deadlines and produce full statutory accounts. Ref: 0285D4

Contact The Manager at 8 The Town, Church Street, Enfield 081-363 1344
Or the PQE Specialist advising on this appointment on 071-489 9997

S. BUCKS to £25,000+car

Recently Qualified

Rapidly expanding specialist manufacturer offers supervisory role to a qualified ACA/ACCA/ACMA who is seeking broader financial accounts experience. Features staff supervision, monthly profit/loss, US reporting and balance sheet preparation. A new position with a well-established company which provides scope for further development. Ref: 2665C2

Contact The Manager at 103 High Street, Maidenhead 0628 72932
Or the PQE Specialist advising on this appointment on 071-489 9997

KENT c£35,000+car

Finance Director (Designate)

Progressive medium-to-large sized engineering company offers tremendous opportunity to manage finance function that encompasses sophisticated project costing, management information, several computer systems and statutory accounting. Also involves developing the Finance Department's capabilities to deal with ambitious growth targets. Material rewards include generous holidays, bonus, healthcare and pension. Ref: 61174A4

Contact The Manager at 28 High St. Bromley 081-290 6688
Or the PQE Specialist advising on this appointment on 071-489 9997

CLIENTS!
When you entrust your vacancies to us, we pay for the advertising.
Phone our PQE Specialists on 071-489 9997
(24 hour answering service)

REED... *accountancy*

+ 7 8 ... 8 7 +

ASA International

BRITISH LINEN BANK

Corporate Finance

Edinburgh

The British Linen Bank is the merchant banking arm of the Bank of Scotland Group, its major area of activity being the provisions of finance and advice to a wide range of client companies, both throughout the UK and internationally.

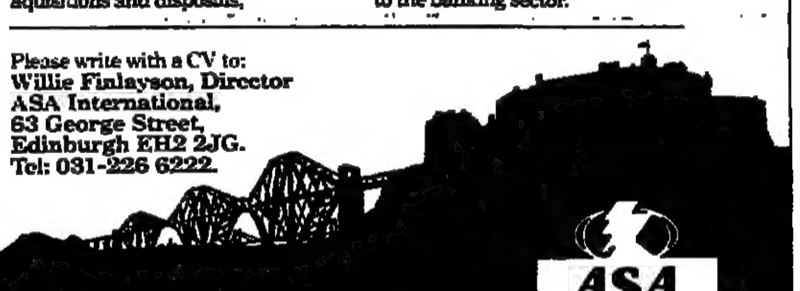
Its Corporate Finance Division, which is based in Edinburgh, offers a full range of corporate advisory services and due to continued expansion, seeks to appoint both a Manager and a young Executive to its team.

These services include the raising of capital for both listed and unlisted companies, stock exchange listings, mergers, aquisitions and disposals, management buy-outs and capital reconstructions.

While the young Executive will probably be a recently qualified Chartered Accountant or Lawyer looking for a move into merchant banking, the Manager will have already gained 2/3 years experience in an active corporate finance environment, structuring and running deals and managing client relationships. Our client will be looking for evidence of energy, drive, creativity and the potential to rise to senior management positions.

Salaries will prove attractive to the successful candidates and will include normal benefits relative to the banking sector.

Please write with a CV to:
Willie Finlayson, Director
ASA International,
63 George Street,
Edinburgh EH2 2JG.
Tel: 031-226 6222.



ASA International

ASA INTERNATIONAL

Accounting Manager

... Number Two Finance role – international processing industry

Northern England — **to £25,000 + benefits**

This is a new high profile appointment in the Finance Department of our client – a highly successful £100m+ turnover company within a major international group.

As Deputy to the Head of Finance you will have direct responsibility for managing through section heads a staff of 15+. Key areas include financial analysis and reporting within exacting time schedules, performance evaluation, investment appraisal and payroll. You will have a major role in developing the existing computerised reporting systems. Regular communication with other parts of this international business will be involved.

Probably in your 30's, you are already fully qualified and will possess varied accounting experience – at least part of which should have been within a large manufacturing/processing environment. Experience of managing staff and familiarity with computerised systems are both essentials.

Remuneration is negotiable as indicated and other benefits include free pension and assistance with relocation to this attractive residential area.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Neil McLaughlin, ref: 500/91/3, MSL Advertising, Ebor Court, Westgate, Leeds LS1 4ND.

MSL Advertising

Finance Director

North West — c£30,000 + car + benefits

Our client is a progressive manufacturing company with a projected turnover for 1990 of c£10m. As part of a rapidly developing division of a major UK Plc. they are looking to recruit a commercially-minded Finance Director.

Reporting to the Managing Director, the successful applicant will be involved in making a significant contribution, both strategically and operationally, to business development and also in providing sound financial and management information and advice to the Board.

Candidates, qualified Accountants with broad financial/management accounting and systems experience, will ideally have assisted in the running of a manufacturing operation.

Personal qualities must include; maturity, assertiveness, flexibility and strong motivational and leadership skills.

If this position interests you, please send your CV, including current remuneration, quoting reference F/135/B to Paul Bailey, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester, M2 3AW.

SEARCH AND SELECTION

Ernst & Young

IN THE NORTH EAST

FINANCIAL DIRECTOR – RETAIL

North East – to £35,000 + Car + Bonus

An outstanding opportunity has presented itself in one of the North East's most exciting Businesses. A multi site retail organisation with a turnover in excess of £40M, our client successfully combines an aggressive marketing and advertising stance, with a well focused buying policy and the traditional concepts and values of customer care.

As Financial Director you will be a key member of the Company's Board and as such responsible for helping to develop the strategic plan and for driving the business forward. The role embraces all facets of commercial management. With responsibility for over twenty five staff, you will control both the finance and data processing functions and will continue the development of the EPOS and other management information systems.

The successful candidate will be qualified, aged 30-45 and should preferably have a proven track-record in the retailing and/or distribution sectors. You should possess drive, energy and the determination and commitment to succeed in this demanding role. We are looking for well developed inter personal skills, an outgoing personality and the capacity for original thought.

In return you will enjoy working in an interesting, exciting company with a truly entrepreneurial flavour and have the opportunity to make a real impact on the running of all aspects of the business. A generous salary with profit related bonus will be paid along with full relocation package where appropriate. Interested applicants should apply without delay.

Nigel Wright Consultancy
Saville Chambers, North Street (off Saville Row), Newcastle upon Tyne NE1 8DF. Telephone 091 232 0770 including evenings and weekends.

Specialists in Financial Recruitment

Finance Executive

North West — **To £28K + car**

Your chance to make a real impact on this company's success

Our client is a highly successful specialist manufacturing organisation. Operating within a buoyant, expanding market they are committed to long term progressive development policies designed to help them retain their strong position within the market.

They now wish to appoint a Finance Professional who, as a member of the senior management team, will play an important part in implementing these policies.

Reporting directly to the Chief Executive, you will take full responsibility for a range of important matters including ensuring all statutory accounting requirements are met; providing the Board with financial and management information and developing and managing all the internal information support systems.

This is a key career move for someone looking for variety, challenge and the opportunity to make a personal impact on the future direction of a company whose turnover is in the region of £12 million p.a.

To qualify you will need to hold an ACA, ACCA, or an ACMA accounting qualification, and have gained experience within either a manufacturing or contracting environment. This in turn must be complemented by personal qualities that include initiative, confidence and good management skills. You will also need to demonstrate a sound knowledge of the installation and running of computer systems.

Please send a full cv in the first instance, quoting reference 9837, to: Confidential Reply Service, Austin Knight Advertising, Knightway House, 20 Soho Square, London W1A 1DS.

Applications are forwarded to the client concerned, therefore any companies in which you are not interested should be listed in a covering letter.

Austin Knight

GROUP FINANCIAL CONTROLLER/ DIRECTOR DESIGNATE

NORTH WEST — UP TO £25,000 + CAR + BENEFITS

Our client, the leading UK distributor of plastic extruded products for the building industry, is continuing to achieve significant expansion and increased profitability.

The Group requires an ambitious highly self-motivated, qualified accountant aged between 24 and 30 to assume full responsibility for all aspects of the financial and management accounting functions of the Group, reporting directly to the Group Managing Director.

Your responsibilities will include the production of financial management information to strict monthly deadlines, the improvement of the Group's internal control systems, the enhancement of the Group's computerised accounting system, preparation of budgets and forecasts, and contribution to the Group's strategic corporate development plans, assisted by a small accounts team.

The ideal candidate should have experience in the distribution industry, knowledge and experience of Pegasus accounting softwear and Lotus 1-2-3 spreadsheets, or their equivalent, and experience of corporate finance would be an added advantage.

Please apply in writing, enclosing full C.V., to:– EXTERNAL RECRUITMENT DEPARTMENT, REF W109.

All replies will be treated in the strictest confidence.

Thomson, Morley, Jackson & Co.
Certified Accountants
BROOK HOUSE 64-72 SPRING GARDENS MANCHESTER M2 2BQ
TEL: 061-236 8880

AT A CAREER CROSSROADS?

Hill Samuel Investment Services is seeking executives, aged 25 to 50 and with experience in industry, commerce or the professions, to become Personal Financial Advisors. All necessary training and support, including office facilities, will be given to enable you to promote the renowned range of Hill Samuel personal and corporate financial products and services. London commuter area.

Contact: Peter Bolton 071-222 4858
Hill Samuel Investment Services Ltd.,
29 Queen Anne's Gate,
London, SW1 9BQ

CENTRAL KENT

c.£50,000+CAR & BENEFITS

Group Finance Director

Our client is a quoted group of companies with a turnover in the region of £20 million. It has a traditional, long-established and capital-intensive core business, and is now successfully developing a culture in which sound financial management, profit awareness and commercialism represent key elements.

Reporting to the Board you will play a key role in the development and implementation of profit improvement strategies. You will also be responsible for the assessment of new business opportunities, including acquisitions, as well as the establishment of financial policy and strategy. Other duties will include: budgetary control; management information; statutory and regulatory accounting; capital investment appraisal; treasury management and the projection of a favourable image to the City.

You will be a qualified Accountant, probably ACA or ACMA, with excellent management and presentation skills and the ability to build a team approach with other disciplines. You will ideally have acquired commercial experience in a capital-intensive service or manufacturing company, reporting to Board level. Personal qualities will include a practical, logical approach to problem-solving and the ability to motivate staff and colleagues.

Please send full personal and career details in confidence to Christopher Evans, Coopers & Lybrand Deloitte Executive Resourcing Ltd. PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5397/FT on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Financial Analyst

North London : to £26,000 + Car

The UK subsidiary of a US multinational requires a young Financial Analyst at its UK Head Office in North London. The Company employs around 1600 people in the UK and has a turnover of £160 million.

Applicants should have an MBA, or be qualified accountants, with an interest and experience of financial and business analysis and have the ambition, ability and potential to progress within the Company. You will already have had practical experience and are now looking for a career move in a dynamic environment.

Reporting to the Financial Director, the position will involve investigations, analysis and preparation of proposals for capital expenditure, with an involvement in budgets and business plans and other adhoc projects.

Opportunities exist for career development within the operating divisions, both in the UK and Europe. Basic salary is up to £26,000 P.A. plus other large company benefits that include company car, contributory pension scheme with free life assurance and 25 days annual holiday.

If you are interested in this exciting opportunity and measure up to the precise job description, then we would like to hear from you. Please send an up-to-date c.v., quoting ref. AR/6051, to Fred Littlewood at March Consulting Group, March House, 13 Park Street, Windsor, Berkshire SL4 1LU.

MARCH

March Consulting Group

Manchester Windsor Coventry Edinburgh

Financial Controller

Hertfordshire Based- Nr M1-M25

c£35,000 + Car + Substantial Bonus

My client is the International Head Office *of a major Multinational Company within* the service industry. The company is enjoying tremendous expansion and growth worldwide and has operations in most countries

This expansion provides an exciting and challenging opportunity for a high calibre committed individual to join as Financial Controller of the International Group.

The Controller will report to the Vice President (Finance) and work closely with the rest of the Group Management and the international subsidiaries worldwide. Responsibilities will include:-

* Group Accounting
* Management Reporting including to the U.S.
* Development of international accounting systems and support of subsidiaries
* Statutory accounting, taxation and treasury
* Motivation and development of a staff of 20

The company culture is entrepreneurial by nature and is in a competitive, but growing industry. The successful applicant will be confident in their own technical ability, computer literate and commercially aware, with the personality to influence others throughout various countries. Some international travel will be required

Ideally applicants will be graduate Chartered Accountants in the age range 30-45 - but other suitably qualified Accountants particularly those with relevant experience will be welcomed.

To apply send your c.v. with covering letter or telephone in confidence - ARTHUR FLITTER - Adviser to the company

Beaumont Accountancy Recruitment

Beaumont House, Station Path, STAINES, Middx. TW18 4LA

0784 462131 (24 hours)

Fax 0784 464643

BMS

LOTHIAN AND EDINBURGH ENTERPRISE LIMITED

Finance Director

EDINBURGH c. £30,000+BENEFITS

Lothian and Edinburgh Enterprise Ltd, a new Enterprise Company being established as part of the Scottish Enterprise Initiative, has a proposed annual budget of £40M, will employ in excess of 100 staff, and is directed by a Board of prominent business figures.

The Scottish Enterprise vision encompasses the integration of training with a full range of complementary economic development activities to produce a powerful new force which will regenerate the economy and equip Scottish companies with the skills which they need to compete effectively in the international markets of Europe and beyond in the 1990's. This vision will involve the integration of the powers of the Scottish Development Agency with those of the Training Agency in Scotland.

As a key member of the senior management team reporting to the Chief Executive you will gain exposure to a wide range of activities encompassing Property Development and Investment, Business Development, Tourism and Training. Initial responsibilities will include the establishment and maintenance of an effective and efficient accounting and information system, provision of financial advice and policy opinion and treasury/company secretarial duties. In addition, you will be involved in the strategic planning of the Company.

Applicants should preferably be qualified accountants who can demonstrate a record of achievement in a senior financial management role.

The position offers significant scope for personal development and represents an exciting opportunity to utilise commercial and technical expertise in a proactive role which will have a key impact and influence on the decision making process of a new enterprise.

Please write quoting reference number LEEL/FT to David Swift, Head of Personnel, Scottish Development Agency, 120 Bothwell Street, Glasgow G2 7JP. Applications should be submitted within the next 14 days.

An Equal Opportunities Employer.

INTERNATIONAL BANKING CAREERS

MORGAN STANLEY BANK LUXEMBOURG

Morgan Stanley is one of the world's leading international securities firms, which provides a full range of financial services, including clearing, settlement and global custody to institutional investors.

Ours is a fully integrated service, the quality of which is totally dependent on our absolute commitment to the best people, information and automated systems.

We are offering exceptional career opportunities to ambitious young people within our newly created banking team in Luxembourg

FUND ACCOUNTANTS

The successful candidates will play an active role in the further development of our highly sophisticated and integrated systems. They should ideally have an experience of at least 4 years in this area.

The candidates must be fluent in English and at least one other European language.

If you are interested in joining one of the world's leading financial institutions, please forward a CV and a contact phone number to:

MORGAN STANLEY BANK LUXEMBOURG
74, Grand Rue,L - 1660 Luxembourg
Grand Duchy of Luxembourg
(Please quote reference FA021 in any correspondence)

BUILD A BETTER FUTURE

Heron Homes Limited is the house building division of and a major trading company in The Heron International plc Group of companies. It has an excellent profit record based on first class large-scale developments throughout Southern England. and it is envisaged that future expansion will double turnover and profitability in the next five years.

REGIONAL FINANCIAL CONTROLLER

A vacancy has arisen for the above position to be based at the Home Counties Regional Office in Egham, Surrey. As a key member of a professional management team, the successful candidate will act as a catalyst for all the financial aspects of the division. Budgeting, profit and loss analysis, monitoring cashflow for purchase ledger and sub-contract payments, forward financial planning and an ability to analyse and recommend changes to current practices form the basis of this position. Experience of computerised business systems is essential.

This is a position requiring considerable commitment to achieving results which, in turn, demands that candidates demonstrate a high degree of self motivation, maturity, sound commercial awareness and persuasiveness to make an impact at all levels. The culture of the company and nature of the business also requires a practical 'hands-on' approach combined with a totally dedicated and loyal attitude.

Candidates should be qualified accountants with at least three years' experience gained in either a building or manufacturing environment. An attractive remuneration package is offered, including a company car and other fringe benefits associated with such a large company.

If you feel you can meet the challenge offered by this position and wish to become an integral part of a vibrant management team, write with full c.v. or request an application form from:

Mr S P Bailey, Group Personnel Manager, Heron Homes Limited, PO Box 1701, Heron House, Church Road, Yate, Bristol BS17 5YG.

HERON homes

DIVISIONAL PROJECTS CONTROLLER

Wide-ranging Internal Consultancy Role

North West **c£28,000 + car**

Our client is the major division of a £150m t/o specialist engineering Group. Manufacturing and marketing its well-known range of high-precision products on a global scale, the Group is investing and re-organising in order to maximise penetration of its international market place. This division, in particular, is going through a process of radical change, both in its manufacturing organisation and its distribution and marketing strategies. This new position has been created to focus on these important issues.

Reporting directly to the Divisional Financial Director, and leading a small team, you will identify and undertake projects that are central to the division's future performance - product rationalisation, manufacturing systems, distribution methodology, margin management - to name but a few. You will also create and supervise systems for reporting the division's performance in a timely and cost effective way.

All-in-all, this is a superb opportunity to employ your skills and experience across the complete spectrum of a complex, international business. To do this effectively, you will be a qualified professional with a sound understanding of manufacturing and the systems that are associated with it. International experience, and indeed a European language, would be an advantage. Future growth will present excellent opportunities for ultimate progression into a senior line role.

Please apply to our Manchester Office where your contacts are Karen Travis and Dudley Harrop **Ref. M396**

ASB RECRUITMENT LTD

Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618 Fax: 061-832 9123

Also at: Birmingham, Leeds, Liverpool, and Nottingham

A Division of ASB Barnett Flaxington Plc

UNIVERSITY OF DUNDEE

Department of Accountancy and Business Finance

CHAIR OF ACCOUNTANCY OR OF BUSINESS FINANCE

Salary in the professional range
(REF EST/20/90/FT)

FELLOW IN BUSINESS COMPUTING

£10,458 - £20,469 - under review
(Ref EST/21/90/FT)

Applications are invited for the above new positions in the Department of Accountancy and Business Finance, which is expanding and is strongly committed to research. The Head of Department, Professor J R Grinyer, would be happy to talk to interested persons (0382 23181 Ext 4192).

Further particulars from, and applications in writing with cv (8 copies or, if posted overseas, one copy in a format suitable for photocopying) and the names and addresses of three referees to the Personnel Office, The University, Dundee DD1 4HN. Please quote appropriate reference number. Closing date: 29 June 1990.

FINANCIAL DIRECTOR DESIGNATE
c.£35,000
CENTRAL LONDON

Can you make a contribution to a profitable, expanding company?

Our client controls a young, dynamic distribution/wholesale jewellery company, currently experiencing rapid growth.

As part of a small team, all aged under 35, a "*shirt-sleeves*" approach is essential, however, the ideal candidate must also demonstrate constant flair and ability to deal with the strategic requirements of the company. The creation and monitoring of the departments necessary to support the entrepreneur will also be a requirement.

The implementation and up-grading of computerised systems and controls is paramount and applicants should be capable of demonstrating experience in this area.

Please write with full personal and career details to:-

A.K. Lester Esq
H. W. Fisher & Co.
Chartered Accountants
Acre House
11-15 William Road
London NW1 3ER

European Accounting Manager

Computer Industry

c £38,000 + FX Car — **Surrey**

Our client is a major international computer supplier with operations throughout Europe and a worldwide turnover in excess of $2 billion. The role of the European Headquarters in Surrey is to provide strategy and direction to the rapidly expanding network of European subsidiaries and distributors.

Following internal promotion, they are now looking to appoint a key member of their financial management team. This role is highly visible, involving extensive liaison with senior management throughout Europe and Corporate HQ in the USA. Your main responsibilities will be:–

1) Co-ordination of all Pan European accounting issues – GAAP understanding, interface with US, control of European Policies and Procedures.
2) Co-ordination of all issues relating to taxation, and external profitability in the European subs.
3) Analysis and reporting on all items related to the Balance Sheet and Capital spending.
4) Co-ordination of Treasury issues, including cash and foreign exchange exposure management.
5) Financial Controllership of European Headquarters.

You will be a qualified accountant, preferably ACA, aged 32+. Ideally you will have a good knowledge of US accounting principles gained within a multinational, preferably hi-tech environment. Knowledge of European taxation and legal accounting requirements would be an advantage. The nature of the role demands excellent communication skills backed up by proven management experience.

If you feel you have the experience and personal qualities to contribute to this dynamic organisation, then send your C.V. to Sajid Baloch MBA at Cygnet House, 45-47 High Street, Leatherhead, Surrey, KT22 8AG or call him on (0372) 375661. Fax No. (0372) 370101.

MP

Michael Page Finance
International Recruitment Consultants

Tax Partner Designate

City Firm — **£40,000 + Benefits**

Our client is a medium sized firm of chartered accountants with a strong reputation for the quality of its national practice and an extremely well developed overseas client dimension. Many of the businesses they provide services to are proprietorial by nature and require a blend of personal commitment and sophisticated commercial tax advice at key periods in their development. The practice meets this challenge through its proactive innovative approach to problem solving.

A position has arisen to head up the specialist taxation group to assume a high profile role with genuine short term prospects of attaining partnership and a fundamental part in shaping the future of that group.

The role involves corporate tax consultancy, especially one-off assignment work for corporately active clients including acquisitions, management buyouts, purchase of own shares, corporate reconstructions and international tax planning. The incumbent will also be expected to set high standards for corporate and personal tax work throughout the firm.

This is a senior and challenging post with a focal position within the partnership. Candidates must be chartered accountants with commercial acumen and creativity. In addition, the ability to manage and motivate specialist tax staff is essential. In view of the seniority and ultimate partner status of the post, it is likely that the successful candidate will be aged 30-40, enjoy taking responsibility and having direct and constant client contact. The prospect of early partnership is genuine and will provide the opportunity to make a positive contribution to the successful growth of this long established City firm.

For further information please contact in confidence Chris Nelson, Manager, or Helen Highet on 071-831 2000 (evenings/weekends on 081-785 6545) or write to them at Michael Page Taxation Division, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Taxation
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

F I N A N C I A L
D I R E C T O R

We are a fast growing company, the market leader in the supply of specialist equipment to the UK construction industry with established overseas operations.

This is a challenging role which demands a high level of management and interpersonal skills. With responsibility for the overall financial management of the company and of overseas subsidiaries, the Director will give leadership to the integration of computer systems within Europe and take an active role in business development.

The successful applicant will be a qualified accountant, ideally aged 35 to 45, with a broad-based commercial awareness gained in a fast-moving and dynamic environment. Experience within the European market and fluency in an allied language would be beneficial.

An attractive and competitive salary is offered, together with a company car and a comprehensive benefits package you would expect for a senior position within a large progressive company. Assistance with relocation expenses will be paid in appropriate cases.

Please apply in writing with full c.v. to:
David Anderson, Managing Director,
Rapid Metal Developments Limited,
Stubbers Green Road, Aldridge,
Walsall WS9 8BW.

R-M-D CONSTRUCTION EQUIPMENT
A member of the DOUGLAS Group

OUTSTANDING OPPORTUNITIES WITH COMMERCIAL IMPACT

Our client is the UK subsidiary of a US based group with a turnover in excess of $2 billion.

With continued growth in the UK (expected T/O 1990=£50m), and the intention to expand into Continental Europe, there is a need to strengthen and develop commercial management information.

Both of these roles report to the [illegible] created and offer wide scope for development and influence.

Cost Accountant

Managing a team of [illegible] and bought ledgers, you [illegible]:

- cost reporting
- development of [illegible] assist commercial [illegible]
- implementing and [illegible] measures.

In order to contribute effectively [illegible] be a qualified accountant, with [illegible] systems and motivating and managing [illegible] be a significant exposure to all management levels you must possess a credible presence, as well as excellent interpersonal and communication skills.

Management Accountant

[illegible] for [illegible] management information [illegible] of the [illegible] Operating Divisions, this role [illegible]

- [illegible]
- [illegible] and analysis
- liaison with [illegible] Management
- [illegible] on financial and commercial [illegible]

[illegible] newly/recently qualified, commercially minded accountant, who as well as possessing excellent interpersonal and communication skills is computer literate.

If you wish to discuss these opportunities further, please contact Shirley Knight BA ACMA MBA on 071-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and note of current salary.

N.E. London
c.£24-28,000
+ Car
+ Bonus

FMS
FINANCIAL MANAGEMENT SEARCH AND SELECTION SPECIALISTS

Computer & Operational Audit

PRUDENTIAL

£30-35,000 + benefits

The Prudential's continuing substantial growth and business developments create exceptional opportunities for the group audit team to play a proactive role in its management and the shaping of its future.

In highly visible and creative roles, the auditors undertake incisive analysis and appraisal of financial and operational controls and risks covering all aspects of the extensive businesses. These 'hands on' project based assignments provide unrivalled experience and scope to enhance and demonstrate analytical and reporting skills in a rapidly changing environment.

These are well proven stepping stones for progression within the group and to strengthen the London based team we seek several ambitious young accountants in their 20s/early 30s, with audit or systems experience and awareness of control requirements in a highly computerised environment. Salary is therefore negotiable according to age and experience and the competitive benefits package will include a car for the senior appointments.

Please write, enclosing a full career/salary history and daytime telephone number, to David Tod BSc FCA quoting reference D/931/F.

Group Financial Controller

House Building
South West,
Salary Package To £40,000, Executive Car, Benefits

This award winning house builder, has a notable reputation for quality of construction. Restructuring of the organisation has led to this opportunity for a gifted financial executive to take responsibility for a finance function, numbering over 20 staff. Aged early-mid thirties, a qualified accountant, preferably a graduate, you will ideally be from a house building, or manufacturing background. You must be a technically sound accountant, with an eye for detail and deadlines, complemented by first class interpersonal and management skills. Your remit will be to run a proactive and supportive finance function, in circumstances requiring effective management and implementation of change. Prospects are first class for ambitious, achievement oriented individuals in this dynamic organisation.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *K. Townrow*, **Hoggett Bowers plc,** *11-12 Queen Square*, **BRISTOL**, *BS1 4NT*. **0272 298433 Fax: 0272 279714,** *quoting Ref: L13162/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Financial Controller

c£33,000 + car & profit share — **West End**

Our client is a direct marketing agency with an impressive record of growth and blue chip client list. Formed in 1985 it is an independent company with annual billings in excess of £9.5 million. The agency relies on its imaginative but commonsense approach which has won it a number of high quality clients and projects.

In order to continue to sustain its rate of growth and achieve even higher targets, the Board has perceived the need for a Financial Controller to take over the running of the financial operations of the company. The role will involve advising the board on all financial issues and will include all company secretarial duties, including the legal and associated administrative functions. The Financial Controller will be considered a major player in the management team and will be expected to keep abreast of market activity to assess the direction of growth for the company, whether organic or by acquisition. Other responsibilities will involve supervising the work of a small accounts team and implementing more stringent financial controls. He/she will also take over the programme of computerisation, which is already underway.

Candidates will be qualified accountants with knowledge of the service industries, in particular advertising or related industry. They should be dynamic and assertive, to fit in with the fast-moving and enthusiastic environment of the agency. They should have the ability to grow into a Finance Director role as the position and the company progress.

The salary package will consist of a basic salary, a car and other benefits to include a profit-related bonus.

Please write in confidence, to Kelly Iriondo at the address below, quoting reference SHA 1466.

SH **Stoy Hayward Associates**
MANAGEMENT CONSULTANTS, EXECUTIVE RESOURCING, 8 BAKER STREET, LONDON W1M 1DA
FAX No: 071-487 3686
A member of Horwath International

YEOMAN
FOSTER YEOMAN LIMITED

Financial Controller

Somerset — **To £35,000 plus package**

Foster Yeoman is a very well known name in the UK aggregates market, for a number of reasons. It is fiercely independent. Since 1986 it has pioneered and financed a two billion tonne site at Glensanda in Scotland, and its Torr quarry in Somerset is the largest in Europe.

This expansion has led to the restructuring of the Finance Department and to the creation of the new role of Financial Controller, which will report to the Group Finance Director.

Based at the Company's Head Office in a magnificent, completely restored Georgian country house near Frome in Somerset, you will be expected to make your mark on all parts of the financial function, eg improved quality of control and reporting, extended applications for powerful recently purchased hardware, better use of resources etc.

Candidates should be aged 30-35, qualified, computer-literate, and familiar with contracting/process/light manufacture. Equally important, you must have the personality which naturally suits you to a "small company" environment, though the business is very substantial (c.£100m). Full removal expenses will be reimbursed.

Please reply in strict confidence to:
Peter Wilson, FCA, Director, Management Appointments Limited, (Executive Search and Selection), Finland House, 56 Haymarket, London SW1Y 4RN.
Telephone: 071-930 6314.

MAL
Management Appointments Limited
LONDON • PARIS • MILAN • NEW YORK

LIVING IN SWITZERLAND

On retiring early, the Director gereral of an association in liquidation which represented one of the largest industrial sectors in Europe, is looking for part-time temporaryu jobs. English, Spanish and French. Business experience throughout the world. Available for discussions as an where required.

Please write Box A838, Financial Times, One Southwark Bridge, London SE19HL

MBA, COMPANY DIRECTOR

Ex management consultant for big 8 firm and recently worked in financial services sector for major UK company. Experienced in strategic reviews, performance evaluation and acquisitions in UK and Continental Europe (West Germany, France, Spain, Luxembourg and Scandinavia). Seeks free lance work including troubleshooting, special projects, acquisitions etc.
Apply in confidence to

Box A844, Financial Times,
One Southwark Bridge,
London SE1 9HL.

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

Managing Director - UK

SPALDING

Attractive Package — **Cambridge**

Talented marketeer with proven business management skills sought to lead and develop highly profitable £7m turnover division of the world's largest general sports goods company. Capitalising on exceptional brand strength, initiating diversification and bringing leadership and tight fiscal control to rapid growth.

THE ROLE

- Reporting into the European Board, with full responsibility for achieving significant growth targets whilst maximising profits through enhanced control.
- Motivating and leading a committed management team, conceiving and implementing long term marketing strategy to increase market share through product diversification.
- Build on brand strength to gain dominant positioning in chosen markets.

QUALIFICATIONS

- Experienced, disciplined General Manager with demonstrable success in growing a market-led consumer business. Likely to be aged mid 30's - mid 40's. Experience of quality brands helpful.
- The role demands a strong, structured marketing approach, financial acumen and tested strategic business judgment. An instinct for leadership and team development vital.
- A pragmatic, results driven Manager, commercially innovative with an ability to enthuse others.

Please reply in writing, confidentiality assured, enclosing full details to:
Ref: F41860L, 3rd Floor, Brook House, 113 Park Lane, London W1J 4HJ.

London 071-493 1238

The Selection Division of
Spencer Stuart & Associates Ltd

Manchester 061-941 3818

MANAGING DIRECTOR . . . EXECUTIVE REWARD

LONDON — **£100,000**

OUR CLIENT is a highly successful niche team of corporate finance and taxation professionals with "blue-chip" institutional backing and a substantial client base of C.E.O's in P.L.C's & significant owner managed businesses.

A SISTER COMPANY has been formed to meet the growing demand for high quality design and implementation of remuneration packages that will enhance the performance of key players in client organisations. A Managing Director is sought *to lead and develop this business* in conjunction with the "parent team" of professionals. The service will make a serious input to those companies seeking to establish their competitive edge.

THE M.D. WILL HAVE THE CREDENTIALS to build a profitable advisory business; know how to influence the role & dynamics of top teams; draw together the required range of professional skills both from within and where necessary, outside of the organisation. The successful candidate will sell complex concepts at Board level; be conversant with "leading edge" compensation packages and provide advice. Paramount importance is attached to the possession of proven general management skills, as is energy to develop the business.

Base salary will be modest, but negotiable around £50,000. Potential rewards are bounded only by your ability to visualise, develop and create this niche market waiting to be fully discovered.

If your background seems to meet these criteria, telephone in absolute confidence, Peter Willingham, quoting reference number (103).

Kidsons Impey Search & Selection Ltd, 29 Pall Mall London SW1Y 5LP Tel: 071-321 0336 Fax: 071-976 1116

KIDSONS·IMPEY

Managing Director

Consumer Products

£50,000 + Share Options — South West

An entrepreneurial and challenging appointment for an ambitious Managing Director to capitalise on the growth opportunities of a key division of a British plc.

THE COMPANY

◇ Long established British group under new leadership following capital restructuring.
◇ Division to comprise established core business and newly acquired activities, both of which provide substantial market opportunities.
◇ Exciting plans for profitable growth and expansion in the 1990's.

THE POSITION

◇ Full divisional P & L and balance sheet management responsibility.
◇ Provide leadership and strategic vision to improve the level and quality of future profitability.
◇ Championing new attitudes and development plans.

QUALIFICATIONS

◇ Successful general manager, probably aged 35 - 42, with strong leadership skills and first class track record in consumer products sales and marketing.
◇ Excellent communicator and organiser with commercial acumen and the presence and vision to manage change and growth.
◇ Self starter with initiative and drive.

Please reply in writing, enclosing full cv,
Reference J9917ft
54 Jermyn Street, London, SW1Y 6LX

N·B SELECTION LTD

LONDON • 071-493 6392
BIRMINGHAM • 021-233 4656 • GLASGOW • 041-204 4334
SLOUGH • 0753 694844 • HONG KONG • (HK) 5 217153

General Manager Sales & Marketing

Excellent Salary + Car + Benefits

Our client is a long-established UK banking subsidiary of a major international financial group. It has built a strong position in the UK mortgage, consumer finance, and savings markets, and has an expanding commercial loan portfolio. The bank's Head Office and branch network is concentrated in the southern counties of England.

The key appointment now to be made will enable the bank to achieve ambitious growth and diversification objectives by successful formulation and implementation of overall marketing and sales strategies. Key tasks will be the planning and launch of innovative and competitive product lines, the development, organisation and control of effective distribution methods, including accountability for the branch network, and the management of the bank's sales and marketing function, comprising over 100 staff. The position reports to the Managing Director and carries the possibility of a board appointment for outstanding performance.

As the successful candidate you will have achieved demonstrable success over many years in developing and delivering competitive banking and financial services to the retail and business markets in the UK. You will have an in-depth and fully up to date knowledge of the financial market-place and of the current regulatory framework, coupled with experience of the management of a UK branch banking network. Commercial and personal credit expertise, and extensive management and administrative skills are essential. You are likely to be a qualified banker, probably with a degree, and you will have the energy, enthusiasm and leadership qualities to tackle this challenging task.

The appointment will command an attractive salary and the benefits package will include a subsidised mortgage and a car. If you have the experience and qualities required and wish to be considered for this appointment, please write - in confidence - enclosing a CV and details of current remuneration to Douglas Austin, Ref 7158. MSL International (UK) Ltd., 32 Aybrook Street, London W1M 3JL. Tel: 071-487 5000.

MSL International

Chief Executive

Heart of England TEC Limited

Oxfordshire
c. £40,000 + bonus + car

The Heart of England Training and Enterprise Council (TEC) is an exciting new initiative which will stimulate and develop local training and enterprise activities in the Oxfordshire area. The TEC's board consists of high calibre executives drawn from both the public and private sectors.

A Chief Executive is required to work closely with the Board in developing and executing a business plan which will effect real change in the region. You will seek to raise the profile of training as an essential issue in the development of the local economy. This will require original thinking to shift attitudes and establish effective and responsive links between the business community, training providers and the education sector.

Tackling Oxfordshire's shortage of skilled labour will be a priority. With low levels of unemployment, the TEC is keen to promote measures that will attract additional resources into the labour market.

Oxfordshire also benefits from a thriving enterprise culture. The TEC seeks to support the business community through providing access to advice, experience and financial assistance under a variety of government funded schemes.

Clearly this demanding and high profile role calls for a candidate of exceptional ability and personality. Enthusiasm and energy are essential; intelligence and an imaginative approach to marketing are vital. Your commercial experience will have exposed you to the development and implementation of successful business initiatives—particularly in the fields of training, marketing and company expansion. Your interpersonal skills will be critical as you will be required to negotiate with and influence external organisations.

Send a full CV detailing your current salary and quoting MCS/8890 to:
Stephen Redwood
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL.

Price Waterhouse

Portsmouth Polytechnic

PRESIDENT

The Board of Governors invite applications for appointment to the post of President which is now vacant due to the recent death of Dr. Harry Law.

Portsmouth Polytechnic is a highly regarded corporate institution whose Board of Governors is accountable for overall policy and direction. As chief academic and chief executive, the President will have full responsibility for advising the Board on all important issues and for the leadership and general management of the Polytechnic.

The post requires a person of energy, experience and vision who has already achieved notable success in higher education, industry or commerce, together with a high level of academic credibility.

Persons wishing to be considered for the appointment or to propose possible candidates are asked to write in confidence to the Chairman c/o the Clerk to the Board of Governors, Portsmouth Polytechnic, Ravelin House, Museum Road, Portsmouth, Hants PO1 2QQ (Telephone 0705 843193) from whom an application form and further particulars may be obtained.

Applications are requested by Monday 2nd July 1990.

Portsmouth Polytechnic is an Equal Opportunities Employer

FT/LES ECHOS
For details of advertising Opportunities contact
Stephanie Spratt
071 873 4027.

MANAGING DIRECTOR

Required for pre-cast concrete manufacturing company based in South Wales.
Excellent opportunity as the company is geared for expansion.

Please send C.V. to Box A843, Financial Times, One Southwark Bridge, London SE1 9HL

Commercial Director Construction

In a leading, long established, British Group with an outstanding reputation in the industry and the City. There is a consistent profit record and plans for continued growth.

- RESPONSIBILITY is for all commercial activities, including surveying and procurement, within the construction operations in the UK. The exercise of authoritative commercial judgement is a feature of the task. This is an appointment of major significance with considerable career potential.
- THE NEED is for a graduate or RICS, with the highest quality reputation and experience in the sector, and the ability to make a strategic contribution to the Board.
- PREFERRED AGE 40; location South East of England.
- COMPENSATION circa £60,000 per annum.

Please write in strict confidence enclosing Curriculum Vitae quoting reference 7268

TK
SELECTION

8 Hallam Street, London W1N 6DJ. Telephone 071-580 2924, Fax: 071-631 5317

A MEMBER OF THE TYZACK GROUP

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

Europe's Business Newspapaer will be providing a new market place featuring positions in senior general management. Appointments will be defined according to salary and status.

For further information call
Elizabeth Arthur
071 873 3694
Nicolas Baker
071 873 3351
Stephanie Spratt
071 873 4027

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER